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INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

HEARINGS

BEFORE A

SPECIAL COMMITTEE INVESTIGATING THE NATIONAL DEFENSE PROGRAM

UNITED STATES SENATE

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

PURSUANT TO

S. Res. 71

A RESOLUTION AUTHORIZING AND DIRECTING
AN INVESTIGATION OF THE NATIONAL
DEFENSE PROGRAM

PART 4

MAY 20, 21, 23, 26, 27, AND 28, 1941

CONSTRUCTION AT CAMP BLANDING, FLA.

WEST COAST SHIPBUILDING STRIKE

Printed for the use of the Special Committee Investigating
the National Defense Program



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1941

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DEFENSE PROGRAM

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INVESTIGATION OF NATIONAL DEFENSE PROGRAM

TUESDAY, MAY 20, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE INVESTIGATING
THE NATIONAL DEFENSE PROGRAM,
Jacksonville, Fla.

The committee met at 9:30 a. m., pursuant to adjournment on Thursday, May 15, 1941, in the United States court, Federal Building, Jacksonville, Fla., Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman, chairman; and Ralph O. Brewster.

Present also: Senator Charles O. Andrews, Florida; and Hugh A. Fulton, chief counsel.

The CHAIRMAN. Mr. Loving, will you stand here and be sworn?

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mr. LOVING. I do.

TESTIMONY OF HARRY W. LOVING, CHAIRMAN, CONTRACT BOARD, CONSTRUCTION DIVISION, OFFICE OF THE QUARTERMASTER GENERAL, WAR DEPARTMENT

NEGOTIATIONS FOR LETTING OF CONTRACT FOR CONSTRUCTION AT CAMP BLANDING, FLA., TO STARRETT BROS. & EKEN

The CHAIRMAN. Be seated, Mr. Loving. We want a statement on the way the contract for this camp was let, what contractors were considered, and what procedure you went through in the negotiations, and so forth. You may make a statement or answer questions. Mr. Loving, for the benefit of the reporter, give your full name and your connections with the Government.

Mr. LOVING. Harry W. Loving, chairman of the contract board in the construction division, office of the quartermaster general.

Senator BREWSTER. How long have you had that position, Mr. Loving?

Mr. LOVING. I have been identified with the construction division since July 15, 1940.

The CHAIRMAN. What were your connections before you went with the Government?

Mr. LOVING. Upon graduating from the Georgia School of Technology in 1911, I formed a connection with the J. B. McCrary Co., municipal engineers and contractors of Atlanta. I was with that firm until the latter part of 1916, at which time I resigned and

formed a partnership with the firm of Anderson & Christie, consulting engineers, with headquarters in Charlotte, N. C. I was identified with that firm until August 1917, at which time I entered the second officers training camp. I was commissioned captain in the Coast Artillery Corps, was sent to France in November 1917, was in France with the Coast Artillery Corps until the armistice. While there I was promoted to major in the Coast Artillery Corps, and after the armistice I was assigned to the American delegation to the Peace Conference in Paris. I was assigned to the War Damage Board and was one of a group of officers who made an investigation of war damage in invaded countries and prepared estimates of damage done by the Germans in the invaded countries for consideration and information of the American delegation to the Peace Conference. Afterward, I was assigned to the Army Educational Commission, remained in France until August 1919.

Upon my return to the United States, I formed a connection with the firm of Frazar & Co., importers and exporters, of New York City. I was the assistant in charge of the chemical department, buying chemicals for export. In 1921 I severed my connection with Frazar & Co., and worked for the Royal Typewriter Co. for a short period, about 6 months. I took that position with the thought that I would be sent to South and Central America as the representative of the corporation in handling their exports to the South and Central American countries.

I decided I didn't want to go later, so I returned south and formed a connection with the J. B. McCrary Co. again, back in 1921. For a while I functioned as the district manager of that company in charge of the Charlotte, N. C. office, and had under my jurisdiction the engineering and construction work of the company in Virginia, North and South Carolina, and part of Tennessee. Later I was transferred to Atlanta, 1925, as vice president of the corporation, and served as vice president until 1933, at which time I resigned and formed an engineering company that functioned under the trade name, Totten and Loving, with principal office in Birmingham, Ala., and branch office in Atlanta. During that period we served as designing and supervising engineers for about fifty municipal water and sewer projects in Alabama, Georgia, and Mississippi and Tennessee.

In 1937 that partnership was dissolved, and I was appointed executive secretary of the Carolinas branch of the Associated General Contractors of America, with headquarters in Charlotte, N. C. That branch of the association embraced the States of North and South Carolina. I remained in that position until July of last year, at which time I was asked—

The CHAIRMAN (interposing). Who asked you?

Mr. LOVING. Colonel Whitson.

The CHAIRMAN. What was his connection?

Mr. LOVING. Colonel Whitson, insofar as I know, had been invited by General Hartman to assist him in organizing the Construction Division to handle defense construction projects under the cost-plus-a-fixed-fee system.

The CHAIRMAN. How did Colonel Whitson come to ask you to take that position?

Mr. LOVING. I don't know, sir. I was asked to come to Washington on July 2 of last year. I had an interview lasting from about 10 in the morning until in the afternoon of July 2, with Colonel Whitson, General Hartman, Mr. Blossom, Mr. Lamphere, and Mr. Dresser. I received no offer at that time.

The CHAIRMAN. There must have been some good reason why they asked you to help to organize this branch of the War Department's activities at this time. Was it on account of your special qualification or on account of some association you had with some of these gentlemen or what?

Mr. LOVING. As to why they asked me, you will have to ask them.

The CHAIRMAN. All right.

Senator BREWSTER. When you speak of the Associated General Contractors, how representative an association is that?

Mr. LOVING. Nationally or locally?

Senator BREWSTER. Nationally.

Mr. LOVING. It is my opinion, sir, that from 75 to 80 percent of the more responsible contractors in the country are members of the association.

Senator BREWSTER. What do you call a responsible contractor? I presume that is in terms perhaps of size.

Mr. LOVING. Yes, sir. The association does not attempt to secure as members contractors who operate in the smaller field. By that I mean men who specialize in building houses from five to ten thousand dollars. Their solicitation of membership is confined to those contractors who operate in the larger field; that is—

Senator BREWSTER (interposing). What do you mean by that?

Mr. LOVING. By that I would say, who are qualified by experience, background, training, organization, and financial ability to handle projects in excess of \$50,000.

Senator BREWSTER. Do you recall how many members you had in your jurisdiction when you were in charge in North and South Carolina?

Mr. LOVING. To the best of my recollection we had 134 general contractors, most of whom had their principal place of business in either North or South Carolina, but not all of our members were located in those 2 States. We had members in Georgia.

Senator BREWSTER. Was there a pretty general membership throughout the South?

Mr. LOVING. I wouldn't say it was general; no, sir; because the association has a branch in the State of Georgia, and most of the members in Georgia are members of the Georgia branch. However, some of the contractors who are members of the Georgia branch likewise maintain membership in the Carolinas branch.

Senator BREWSTER. And would you know approximately the number of members in Georgia and Florida?

Mr. LOVING. I couldn't tell you offhand, sir, but I could secure the information.

Senator BREWSTER. You had a substantial number?

Mr. LOVING. I beg your pardon.

Senator BREWSTER. You had a substantial number?

Mr. LOVING. Of members from Georgia and Florida?

Senator BREWSTER. Yes.

Mr. LOVING. Without checking the records, I would judge that 80 percent of the members maintained their principal place of business in either North or South Carolina. I am guessing when I say that.

The CHAIRMAN. Mr. Loving, after the first interview, what happened then?

Mr. LOVING. The last thing that happened I was asked by General Hartman to go to the medical department to take a physical examination. That examination was not completed until the following morning. I left town the evening of July 3, went back to North Carolina, and received no further communication until on or about July 11 or 12, at which time Colonel Whitson phoned me from the War Department, reached me at Myrtle Beach, S. C., and advised me that General Hartman wanted me to come to Washington to take charge as chief of the constructing branch of the Construction Division, which branch was to handle the construction of all defense projects to be constructed under the cost-plus-a-fixed-fee contracts. I was asked if I could report to Washington the next day. I told him it was impossible as we had the summer construction of the association under way at that time. I told him, furthermore, that I could not give him an answer as to whether or not I could come until after I had conferred with the board of directors of the association and ascertained their views as to whether or not they would be willing to release me. The matter was discussed with the board of directors Saturday morning, July 12 or 13, and in view of the fact that General Hartman indicated he wanted me to fulfill an important position, they agreed to release me. I left Myrtle Beach on July 14, caught a plane out of Charlotte the next morning, arrived in Washington the morning of July 15, and have been on the job since.

The CHAIRMAN. Who else was on this Board with you? Was there anybody else associated with you on the Board that negotiated the contracts?

Mr. LOVING. In addition to my duties as chief of the constructing branch in charge of construction operations, General Hartman delegated to me the duty of securing from the Construction Advisory Board the recommendations as to contractors and architect-engineers considered best qualified to handle a particular project.

The CHAIRMAN. That was known as the Construction Advisory Board, consisting of Dresser, Blossom, and Harvey?

Mr. LOVING. Known as the Construction Advisory Board, yes, sir. Then after securing the recommendation from the Board—

The CHAIRMAN (interposing). You were not a member of that Board?

Mr. LOVING. No, sir.

The CHAIRMAN. That Board made recommendations to you, and then you were supposed to negotiate the contracts. Is that the way it works?

Mr. LOVING. When we received a directive to construct a particular project, we submitted a request to the Construction Advisory Board on behalf of the chief of the construction division, giving a description and outline and estimate of the work to be done, and the request on the Board asked that they submit the three firms considered best qualified to handle the particular project.

The CHAIRMAN. What three firms did that Board submit on Camp Blanding?

Mr. LOVING. They submitted Starrett Bros. & Eken, of New York, as their preferential choice; Bates & Rogers Corporation, of Chicago—

Senator BREWSTER (interposing). What was that name?

Mr. LOVING. Bates & Rogers Construction Corporation, Chicago; and the Foundation Co., of New York City.

The CHAIRMAN. They didn't submit names of any contractors south of the Mason and Dixon Line at all?

Mr. LOVING. They did not, sir.

The CHAIRMAN. Did you make any request that they should submit names of contractors from south of the Mason and Dixon Line?

Mr. LOVING. We did not consider it incumbent upon us to make suggestions to the Board.

The CHAIRMAN. Did you believe that there were no contractors in the South who were capable of building that camp, after your association and your position as secretary of the Associated General Contractors of North and South Carolina?

Mr. LOVING. Just about the time, Senator, that this project was up for consideration, there was another of about equal size. That is Camp Shelby, Miss. The question as to contractors qualified to handle this job was discussed. About that time the Board—the Construction Advisory Board—none of whom are from the South, asked me to come to their office. They had a list of quite a number of southern firms and requested that I give them any information that I had available as to the competency of these various firms. The facts are that there are but few firms in the South that have ever handled a project of this size, not due so much, in my opinion, to their inability to handle a job of this magnitude, but due to the fact that there have been but relatively few projects of this size ever constructed in the South.

As a result of the discussion, the Board determined that there was one firm in the South who, in their opinion, was qualified to handle a job of this size, and that firm was J. A. Jones Construction Co., of Charlotte, N. C.

The CHAIRMAN. That was the only firm in the South capable of handling a job of this sort? You say that in the opinion of the Board there was just one firm in the South capable of handling a job of this size and magnitude?

Mr. LOVING. Well, all I say is this, Senator, that they recommended one firm.

The CHAIRMAN. General Marshall was a representative of that firm, wasn't he? I mean the General Marshall¹ who is the lobbyist, not the Chief of Staff of the Army.

Mr. LOVING. It is my understanding that that information has been brought out in hearings that you have conducted in recent weeks.²

The CHAIRMAN. Who represented Starrett Bros. & Eken?

Mr. LOVING. No one to my knowledge, sir.

The CHAIRMAN. Well, after you had come to the conclusion that there was only one firm in the South capable of building a project of this size, what procedure did you follow then to award the contract at Camp Blanding?

¹ R. C. Marshall, Jr., whose testimony appears in Hearings, Part 2, p. 581, et seq.

² Ibid.

Mr. LOVING. I would like to correct one statement you made, sir, and that is I did not come to any decision as to how many firms—

The CHAIRMAN (interposing). After the Board had come to the conclusion, we will say. The Board evidently did come to the conclusion that there was only one firm in the South capable of constructing a project of this magnitude. I say after that conclusion had been reached by somebody, what was the procedure by which you followed to let the contract at Camp Blanding?

Mr. LOVING. The procedure, sir, was that we secured from the Construction Advisory Board the record of experience submitted by each of these firms, together with a report from the Bureau of Contract Information of Washington, which, incidentally, is a board that maintains a record of the performance of contractors and a record of individuals who have held responsible positions with contracting firms throughout the country.

The CHAIRMAN. Is that a branch of the Associated General Contractors?

Mr. LOVING. No, sir.

The CHAIRMAN. Is it a part of the Government set-up?

Mr. LOVING. No, sir.

The CHAIRMAN. It is a private organization?

Mr. LOVING. It is an organization which, I understand, is maintained by the surety companies.

The CHAIRMAN. Just as a matter of information, I would like to know what other companies were recommended on the Camp Shelby job.

Mr. LOVING. I don't remember and don't have my file on the subject with me.

The CHAIRMAN. There were others recommended?

Mr. LOVING. There were three firms recommended on all jobs.

The CHAIRMAN. There were three firms, including Jones, or three besides Jones?

Mr. LOVING. Three including Jones.

Mr. FULTON. Was Jones the No. 1 firm?

Mr. LOVING. Yes, sir.

Mr. FULTON. Recommended as such by the advisory committee?

Mr. LOVING. Yes, sir.

The CHAIRMAN. I would like to know the procedure followed after Starrett Bros. had been decided as the No. 1 firm for Camp Blanding, what the procedure was from then on.

Mr. LOVING. After Starrett Bros. & Eken had been approved by General Hartman as the firm to be considered specifically for the construction of this job?

The CHAIRMAN. That is right. Why were they considered the No. 1 firm? How did they arrive at that conclusion? Do you know how the Board arrived at that conclusion?

Mr. LOVING. I do not, sir.

The CHAIRMAN. You do not know how they arrived at that conclusion and recommended this firm to you. They recommended three firms to you, did they?

Mr. LOVING. That is correct.

The CHAIRMAN. And recommended Starrett Bros. & Eken as the No. 1 firm and the other two to be considered?

Mr. LOVING. Yes, sir.

The CHAIRMAN. Tell us the procedure you followed to let the contract to Starrett Bros. & Eken.

Mr. LOVING. Our first action, of course, was to call Starrett Bros. & Eken and tell them that they had been recommended with others. We did not tell them that they were to be the firm, but said they had been recommended with others for consideration in connection with the cantonment to be built at Camp Blanding. We asked that they send a representative to Washington for conference. Upon arrival in Washington, they met in my office with three of my assistants present: Lt. Col. E. G. Thomas, Capt. E. E. Kirkpatrick, and my civilian assistant, Mr. F. J. O'Brien. At that time we furnished them a copy of the description and estimate of work to be accomplished under the contract, gave them a copy of the cost-plus-a-fixed-fee contract, a copy of the cost-plus-a-fixed-fee subcontract, also a copy of the lump-sum subcontract, together with a questionnaire which we asked that they study, that they fill out the questionnaires, and that they return for further negotiations after they had read the contract, studied the information we gave them, and had filled out the questionnaire.

The CHAIRMAN. What was the date of this procedure?

Mr. LOVING. They first appeared for preliminary conference on September 7.

The CHAIRMAN. September 7, 1940?

Mr. LOVING. Nineteen forty, and the negotiations were concluded the following morning.

The CHAIRMAN. On September 8?

Mr. LOVING. September 8.

The CHAIRMAN. In negotiating this contract, was any inquiry made as to the fees and profits which Starrett Bros. & Eken had made on the big jobs which they had concluded on their own capital?

Mr. LOVING. None whatsoever, sir.

FEE RECEIVED BY STARRETT BROS. & EKEN FOR CAMP BLANDING
CONSTRUCTION

The CHAIRMAN. What procedure was followed in setting the fee for Starrett Bros. & Eken on this job? Was there any negotiation as to an offer and a refusal or any such procedure as that in setting this fee?

Mr. LOVING. Yes, sir.

The CHAIRMAN. What was the procedure?

Mr. LOVING. The procedure followed a definite schedule of fees which had been established as a minimum schedule. Shortly after I arrived in Washington, General Hartman gave me a schedule of fixed fees to be paid, based on the estimated cost of the project. That, as I stated, was set up as a minimum schedule.

The CHAIRMAN. These fixed fees were based on the size of the projects, apparently, and were a net profit to the contractor, weren't they?

Mr. LOVING. No, sir.

The CHAIRMAN. The Government paid nearly all their hired help in connection with the job.

Mr. LOVING. They were not net in that the contracts specifically provided that none of the contractors' executive officers nor none of the expense of maintaining the central office could be charged in as a reimbursable item of cost.

The CHAIRMAN. But all the rest of the items were reimbursable.

Mr. LOVING. Yes, sir.

The CHAIRMAN. Wouldn't it have been of importance to know something about the net profits of these contractors in previous years in setting this fee?

Mr. LOVING. I would consider that, sir, entirely irrelevant.

The CHAIRMAN. Why?

Mr. LOVING. The fact as to whether a man made \$1,000,000 5 years previous, to my mind would have no bearing on the subject whatsoever.

The CHAIRMAN. But the fact that he made \$1,000,000 the years before on his own invested capital ought to have some bearing on what the Government is going to pay him to furnish all the help and let him do the work. All he was supposed to do was to furnish an organization to do the job. Wasn't that what he was for?

Mr. LOVING. They were to furnish what you might term "personnel management service."

The CHAIRMAN. That is right. They were to see that the contract operated successfully for the benefit of the Government, and the Government paid all the expenses except for the contractor himself and his immediate organization, that is, his home office principally; and it seems to me that it would have been of vital importance to know what profit that contractor had been satisfied with on previous jobs.

Mr. LOVING. Well, insofar as our interest was concerned, it was directed along almost opposite lines. Our primary interest was to determine whether or not the firm had had experience in handling similar-sized projects of like character, that they had the vision to grasp the problem of organizing and directing a project of this magnitude, and constructing it under forced-draft conditions within a very short period. We were primarily concerned in determining if they had the requisite number of superintendents and foremen and were able from the standpoint of financial ability, organizing ability, and that they had the required experienced personnel to take the job, organize it, manage it, direct it, build it within a desired time, at the least possible cost.

The CHAIRMAN. Has Starrett Bros. & Eken ever built a big job in the South?

Mr. LOVING. Starrett Bros. & Eken had, according to the information developed, built as many projects involving some \$300,000,000 of work on a cost-plus-fixed-fee basis—

The CHAIRMAN (interposing). That wasn't what I asked you. I wanted to know how many big jobs they had built in the South. We will say the South begins at the Maryland line.

Mr. LOVING. I don't recall that they indicated they had built any large jobs in the South, because as I told you, we hadn't built very many \$8,000,000 jobs in the South.

Senator BREWSTER. How many jobs like this job had they built anywhere?

Mr. LOVING. One of our primary reasons for recommending the selection of Starrett Bros. & Eken was that they were just winding up a multiple housing project in New York, involving an expenditure of about \$54,000,000.

The CHAIRMAN. Was it ever contemplated by you on the Board to combine several contractors to do a job of this size, who probably were not as big as Starrett Bros. & Eken, but whose combined efforts might do the job? Was that ever considered?

Mr. LOVING. Well, the Board didn't ask me, Senator, to sit in with them on their deliberations, and I have no—

The CHAIRMAN (interposing). Do you know that a \$25,000,000 job is just about completed adjoining Jacksonville here by three southern contractors who joined hands and built it, and as nearly as I can discover, with not nearly as much difficulty as Starrett Bros. & Eken have had with Camp Blanding?

Mr. LOVING. The War Department Construction Advisory Board undoubtedly gave consideration to combining a number of contractors, because in a number of instances they have for similar-sized projects recommended a group of contractors consisting of from two to four different firms where no one firm was found that was considered qualified to handle the project alone. I am presuming when I say this.

The CHAIRMAN. Now, tell us just exactly the procedure you followed in arriving at the fee for Starrett Bros. & Eken on this job.

Mr. LOVING. We called Starrett Bros. & Eken in and interrogated them as to work on hand at the present time, at that time, and as to their ability to take on, organize, direct, and finance the construction of a project involving an expenditure of about \$9,000,000, and, as I recall, they said they were in a position to take on, direct, and manage four jobs of like size. We satisfied ourselves, before getting down to the question of discussing the fee, that they were in our opinion qualified to handle the job, that they had the experienced men available to direct it.

The CHAIRMAN. What were the jobs they were constructing besides that housing project in New York that you spoke of? Were there any other jobs that they were then engaged on?

Mr. LOVING. I don't have a list of the jobs with me.

The CHAIRMAN. I suppose they can answer that question.

Mr. LOVING. Yes, sir.

Senator BREWSTER. Do you have a record of that, of the other work which they were doing at that time?

Mr. LOVING. That record, Senator, is contained in the experience record filed—

Senator BREWSTER (interposing). I am speaking now of the current work, not the past but the current.

Mr. LOVING. That is contained in the record filed by the various firms with the Construction Advisory Board.

Senator BREWSTER. Well, there have been a vast number of housing projects carried out in the South much more analogous to the housing conditions at Blanding than the project in New York. I think what puzzles us is why all the contractors with whom you naturally were thoroughly familiar throughout the South, with a great number of personnel familiar with conditions and with labor and with all the

problems, received no consideration in this connection. You speak of the Starrett Bros.—their only qualification for this particular type of job was that they had just finished a multiple housing project in New York, but I am sure if you examined the records in Washington you would find that a vast number of these had been carried out through the South, sometimes very much to our distress in New England, and why suddenly it was discovered that only a northern concern was adequate to handle this job under conditions which required the transportation of personnel from New York and other points to this somewhat remote corner, is, I think, really very difficult for many to understand.

Mr. LOVING. There were firms in the South qualified to handle this job, but they had been engaged on other projects.

Senator BREWSTER. Well, you have spoken of 134 concerns in North Carolina of various sizes. You mean that they were all so busy that it wasn't possible to consider them?

Mr. LOVING. The 134, sir, were not all qualified to handle a job of this magnitude.

Senator BREWSTER. Well, you are prepared to back by your reputation and opinion that it wouldn't have been possible to secure any one or any combination of concerns in the South that might have been competent to handle this job?

Mr. LOVING. It was not my function, Senator, to make the initial selection.

Senator BREWSTER. I am asking you your opinion now as one thoroughly familiar with the South. That is why I was interested in your qualification, because you had had such a long experience here in the South, and we never before have thought up in the North that you admired our talent so much up there.

Mr. LOVING. As to what I might have done had I been charged with the responsibility alone of picking a contractor for this job, I can't say definitely, but I probably would have made recommendations different from what the Board made.

Senator BREWSTER. I am glad to hear you say that. You know that things have not gone particularly well out here in connection with this job? You appreciate that?

Mr. LOVING. Let me make it clear as to just what function I have played in recommending to the Chief of the Construction Division what contractor of the three recommended should be selected. I had no voice whatsoever, volunteered no information whatsoever to the Construction Advisory Board except in the early stage when they called me and had a list of 25 or 30 southern firms and asked me my opinion as to their reputation, capabilities, and background. I have played no part in the recommendations made by the Construction Advisory Board. They are a Board set up entirely independent of the operating branch. Initially they reported direct to the Quartermaster General. I think at the present time they report direct to General Somervell, the Chief of the Construction Division.

As I stated, when we received a directive to build a project under a cost-plus-fixed-fee contract, we make a request on the Board for their recommendations as to the three firms considered best qualified to handle the particular project.

Senator BREWSTER. We have been over that quite a little.

Mr. LOVING. I just wanted to say that, to clarify it, we simply picked up from the three names submitted by the Board only and listed those names and recommended to the Chief that the contract be awarded to the one firm appearing best qualified from the record submitted, to handle the job.

Senator BREWSTER. And what examination did you make of these other two concerns that were recommended?

Mr. LOVING. We reviewed their records, the character of work handled.

Senator BREWSTER. Did you confer with them at all?

Mr. LOVING. No, sir.

Senator BREWSTER. The Starrett Bros. were the only ones with whom you conferred?

Mr. LOVING. That has been the policy followed with respect to the award of all contracts.

Senator BREWSTER. You said you were consulted by the Advisory Board about some 25 southern contractors?

Mr. LOVING. Correct.

Senator BREWSTER. Did you recommend any of them as competent to handle work of this character?

Mr. LOVING. Yes, sir; a number of them.

Senator BREWSTER. I repeat now my question which I asked you some time ago, if you will address yourself to it now, that you understand that things have not gone particularly well out at Blanding under Starrett Bros. direction. Is that a fair summary of it?

Mr. LOVING. I don't consider that I am in a position to answer that question. I have had no direct identification with construction operations since November.

Senator BREWSTER. I didn't mean to affix any responsibility from what has gone on, but I am simply trying to ask you this further question as to whether or not in the light of what has transpired in the last 6 months, you would feel that there might not have been more wisdom in the selection of a southern contractor.

Mr. LOVING. Had the construction advisory committee recommended a qualified southern contractor, it is highly probable that some of the difficulties might not have arisen.

Senator BREWSTER. I will accept your answer.

Now, about the services rendered by the Starrett Bros., exactly what did that consist of so far as Blanding was concerned? Just what came down here to Blanding from Starrett Bros., and be as precise as you can.

Mr. LOVING. Will you repeat your question? I didn't get it.

Senator BREWSTER. Just what did Starrett Bros. furnish to Camp Blanding? Be as specific as possible.

The CHAIRMAN. That is, what did they give the Government for the fee they got? What were they supposed to give the Government for the fee they got?

Mr. LOVING. They were supposed to give the Government the same thing that every other contracting firm was supposed to give.

The CHAIRMAN. We want to know what that is. You negotiated the contracts; we want to know what you got from those negotiations with all these contractors.

Mr. LOVING. The primary thing we are supposed to get is personal management service—management service in assembling the necessary trained personnel, superintendents and foremen, accountants, cost-keeping assistants; to set up a construction organization to manage, direct, and construct the project.

Senator BREWSTER. Were they supposed to have a resident executive on the job?

Mr. LOVING. They were supposed to have a responsible representative on the job.

Senator BREWSTER. Well, that may not have been one of their executive officers; it may have been distinct from executive officers, such as a superintendent.

Mr. LOVING. It was my understanding that they agreed to have Mr. Hunter, one of their vice presidents—

Senator BREWSTER (interposing). That is Hunter?

Mr. LOVING. Yes—spend the greater portion of his time at Blanding in the direction of the project.

Senator BREWSTER. And he was not to be paid in any way by the Government aside from the fee?

Mr. LOVING. That is correct.

Senator BREWSTER. In addition to Mr. Hunter, they were supposed to have within their own organization a number of superintendents and foremen competent to handle work of this character, I presume?

Mr. LOVING. That is what they so stated.

Senator BREWSTER. And those men would be sent down here and put on the Government pay roll?

Mr. LOVING. That is correct.

Senator BREWSTER. And in addition they were supposed to have equipment that would be required in work of this character?

Mr. LOVING. No, sir. Starrett Bros. & Eken had a relatively small amount of equipment. They stated during the negotiations that it was their business policy to rent equipment rather than to purchase and maintain it.

Senator BREWSTER. That is under what is called the Associated General Contractors' fee rentals?

Mr. LOVING. I can't answer as to what schedule they rent under. I presume they rent under the best terms available at the time they need the equipment.

The CHAIRMAN. The Government pays the rental.

Senator BREWSTER. It happened in this case apparently that the fee schedule which the General Contractors used was not nearly as generous as the one which the Government apparently paid, which is a matter that gives us some concern here. But that didn't enter into your discussion at all with Starrett Bros.?

Mr. LOVING. To this extent: At the time this negotiation was conducted, we had not prepared what we now refer to as the War Department equipment rental schedule. It was in the course of preparation, and in our questionnaire we asked if they considered the equipment rental schedule or contractor's ownership schedule as compiled by the Associated General Contractors of America as being fair and equitable. For your information, it can be established that the schedule of the Associated General Contractors of America is considered the most up-to-date and fairest schedule to both con-

tractor and owner. So they were asked if they considered that schedule equitable. The negotiations were concluded under the understanding that the schedule of rents to be paid on equipment used at Blanding would be subject to the approval of the constructing quartermaster. They were advised that in the purchase of materials to be incorporated in the work and in the rental of equipment, we wanted them to secure at least three proposals—more if possible—and that the order for any particular equipment or materials would be awarded to the lowest bidder, considering quality, deliveries, and the condition of the equipment.

Senator BREWSTER. Is this incorporated in the contract or is it a matter of your collateral understanding?

Mr. LOVING. It is incorporated in the contract that the equipment rentals would be subject to the approval of the constructing quartermaster.

Senator BREWSTER. And how much was the fee on this job?

Mr. LOVING. \$268,290.

Senator BREWSTER. How was that fixed?

The CHAIRMAN. That is the information I have been trying to get. How did you arrive at that fee as a reasonable and just fee?

Mr. LOVING. As I stated, Senator, a schedule of fees had been adopted by a board, I think, referred to as the Army and Navy Munitions Board. That schedule set up for certain size projects a specific minimum fee for that size project. We arrived at fees for intermediate size jobs by simple interpolation. The estimated cost—

The CHAIRMAN (interposing). Don't you think it would have been to the Government's interest to have had a maximum fee and then to have negotiated that down a little bit when they made these contracts, rather than to have a minimum fee which those fellows knew you didn't intend to go below? I don't understand this minimum fee business; it is outside the usual schedule of negotiations in making contracts. Explain that minimum fee and the why of it. We are interested in that.

Mr. LOVING. The only answer I can give you is that I was furnished a schedule of minimum fees.

The CHAIRMAN. Did it occur to you that that was a peculiar way to negotiate contracts?

Mr. LOVING. No, sir, on the contrary. The Congress sets the salary of a Senator.

The CHAIRMAN. That is right.

Mr. LOVING. The War Department has definite salary schedules for payment to officers, and it has a definite schedule of salaries to be paid civilians performing a definite service.

The CHAIRMAN. That is right.

Mr. LOVING. They don't ask those men whether or not they will serve for half the pay—it is assumed that those schedules or salaries are established as being commensurate with the service to be rendered.

The CHAIRMAN. Here is the situation, Mr. Loving: I have let a lot of public contracts (they were considered quite sizeable before the Government started into business), and it was the policy to let those contracts on the best basis possible for the public. We didn't have any maximum fee. We let that contract to the contractor who qualified best and who would do it for the least money. It seems to me

that a maximum fee should have been the one to start with, and then some negotiations should have been made to see what he could do to save the Government some money. I can't get this minimum fee business. Maybe it is over my head.

Mr. LOVING. In general contracting, sir, is handled under a plan, where time permits of preparation, of detailed plans and specifications.

The CHAIRMAN. Yes, I appreciate that. That is something you didn't have a chance to do here. I understand that.

Mr. LOVING. You have, then, something specific that more than one man could figure on. Therefore, it is perfectly—

The CHAIRMAN (interposing). It seems to me that you had a specific enough situation here that you could figure a maximum fee and then do some negotiating on it.

Mr. LOVING. We were buying, Senator, not a house, definitely designed, for which definite specifications were available and on which a man could figure and give you a competitive price; we were buying something more intangible in that we were trying to get efficient, intelligent management service, the personal management service of men who had made a success in conducting their own business under similar conditions.

The CHAIRMAN. I appreciate all that. There were a lot of them who were anxious to go to work for the Government, and they would have been more than happy to bid against each other where the Government, I think, could have saved some money and probably gotten better management, too, than they had in many instances.

Mr. LOVING. Well, I can say this, sir, that in accordance with the instructions which I received, and based on this minimum schedule of fees, we offered Starrett Bros. & Eken this fee of \$268,290, and Mr. Eken expressed himself rather forcefully in stating that he didn't consider it a very luscious fee, and he plainly intimated that it was considerably less—

The CHAIRMAN (interposing). It was luscious in this way, that he didn't have to take any risk to get it; he was going to get \$268,000; the Government was going to pay all his help; and he didn't have to stand a chance when he got through of owing more than he could pay.

Mr. LOVING. That same condition applies, sir, on practically every contract handled on a cost-plus-a-fixed-fee basis; and as I stated, Starrett Bros. & Eken advised us that they had handled \$300,000,000 worth of work on a fixed-fee basis. Under that type of contract, the owner or client does exactly the same thing that the Government has been doing on these cost-plus-fixed-fee contracts.

The CHAIRMAN. I appreciate that.

Mr. LOVING. That is, he finances the labor and material bills, or reimburses the contractor currently with expenditures for those items. So you might say that under every cost-plus-fixed-fee contract, the owner does exactly the same thing that you referred to a moment ago.

The CHAIRMAN. I am wondering very much if these owners' cost-plus-fixed-fee contracts ran over the estimates as far as these Government contracts did in most of these camps. Do you know anything about that?

Mr. LOVING. I doubt that they do.

Senator BREWSTER. Was this approximately 3 percent of what you estimated? Is that the way you arrived at your minimum?

Mr. LOVING. What I did, Senator, was to take this schedule of minimum fees; and I may say this, that Congress in its wisdom established an upper base—

Senator BREWSTER (interposing). Yes; a maximum.

Mr. LOVING. Of 6 percent, and I think the record will show that in approximately no instance did we anywhere near approach the maximum you in Congress said we could pay.

Senator BREWSTER. You feel that the fact that Congress established a maximum justified you in establishing a minimum?

Mr. LOVING. I didn't establish the minimum, Senator.

Senator BREWSTER. Well, that is the point which we have been discussing here, the why and wherefore of the minimum, why it was that if one of these other concerns who had been specified as competent were ready to do this job for \$250,000, it perhaps wouldn't have been a good way to save the Government money? They apparently were not considered on any such basis. They were not given an opportunity to say how much they would do the job for.

Mr. LOVING. I would consider it, sir, a very unwise procedure to employ personal management service on a competitive basis. I would doubt seriously that your committee would go out to hire an attorney to collaborate with you in this investigation on a competitive basis.

Senator BREWSTER. Well, what was the idea of the three contractors who were specified as qualified, then?

Mr. LOVING. Simply to provide three firms for consideration, not on a competitive basis, but on a basis of determining from the information submitted and from such other information as could be gathered from reliable sources, which of the three men was best qualified by his record and experience to handle the job.

Senator BREWSTER. But you would eliminate all thought of cost in that connection?

Mr. LOVING. The fee, by comparison to the total cost of the job, is so small, I wonder whether you would want to pass up one man who, on the basis of all information available, appeared to you to be best qualified. I wonder if you would want to pass him up because some other fellow bid \$10,000 less, the \$10,000 being such a comparatively small item of cost in comparison to the amount of money to be spent.

Senator BREWSTER. This is the first time that I have heard suggested that in either Government or private work the question of cost was not a factor, and in this case it apparently was not. I quite agree with you that there are many other things to be taken into account, but there is certainly nothing in Government experience to warrant the suggestion that the price is not one of the factors that is considered determining. However, you have made your views clear.

Now, about what they were to furnish: They furnished you a list of the personnel which might be available for this job, did they?

Mr. LOVING. Only to the extent of the key men.

Senator BREWSTER. Do you recall how many they showed as available?

Mr. LOVING. They submitted a chart, Senator, showing the key personnel they expected to utilize in the key positions. Unfortunately, I left that in Washington and don't have it with me.

The CHAIRMAN. Will you furnish that for the record?

Senator BREWSTER. Will you put that into the record?¹ Do you recall how many that approximated?

Mr. LOVING. No, sir.

Senator BREWSTER. I mean whether it was ten or a hundred.

Mr. LOVING. I don't recall the exact number, but I do recall that Starrett Bros. & Eken definitely stated that they were in a position to furnish from their organization the key personnel required to organize, direct, and manage this construction in all of its essential phases.

Senator BREWSTER. And from your knowledge of construction work, what would that approximate as to key personnel?

Mr. LOVING. Not having made a detailed study and analysis of the organization, I could but guess in answering your question, but it is obvious that the project should have an experienced project manager, a general superintendent in charge of all construction operations; if the buildings were divided into sections, a superintendent in charge of each section, with the required number of foremen under them. Likewise, the job would necessitate——

Senator BREWSTER. There would be 9,000 camps, for instance, as I recall, between 9,000 and 10,000. How many of those would be under the supervision of a single foreman or superintendent?

Mr. LOVING. I cannot answer that in detail because I have not made a detailed analysis as to just what type of organization they would need. As a matter of fact, we selected these men because we had confidence in their experience and ability to organize the job, and we didn't feel it incumbent upon us to tell them exactly what they should do. We felt we were hiring them to tell us what to do.

Senator BREWSTER. It was understood that they were going to furnish very little equipment, as I understand it.

Mr. LOVING. Correct.

Senator BREWSTER. They were to furnish certain key personnel; how many you are not clear. That key personnel was to be paid by the Government. Were they paid at their private rates, or were there increases to be made?

Mr. LOVING. The conversations we have had with all contractors were to the effect that we wanted them to handle the construction of this job just as zealously as if they had won the contract on the basis of hard-fought competition. We have asked them to set salary scales not in excess of what they would pay on a job had they secured the job as a result of competition, under which condition every dollar unnecessarily spent would be reflected in the profit accruing when the job was completed.

Senator BREWSTER. I may say that in the last previous case that we went into, the wages of all these men were raised when they transferred to the Government pay roll, and I wondered whether that possibility was discussed at the time with you.

¹ See footnote 1, p. 1012, *infra*.

Mr. LOVING. Yes, sir. In our negotiations we asked them to furnish information as to the names of key personnel, age, position, present and proposed salary.

Senator BREWSTER. So that is all in your files.

Mr. LOVING. I don't think it is quite as complete back in the early days as it is now.

Senator BREWSTER. Do you think that may not have been done in in the case of Starrett Bros.?

Mr. LOVING. I would have to check and see.

Senator BREWSTER. I would appreciate it if you would do that and let us know, because that will be material; if you have such a report from them, we would like it for the record.

Now, would this be a fair statement of the situation as it has developed here? That they were to furnish some of their personnel—I take it there was no commitment as to the precise number; is that correct?

Mr. LOVING. I think it would have been foolish to have asked them to make a specific commitment—

Senator BREWSTER (interposing). Yes.

Mr. LOVING. And plan of organization prior to their having had a chance to visit the job, to look over the plan, and to formulate some more concise idea in their own mind as to just what type of organization should be set up and how many men of this classification should be put on. Bear in mind that at the time of this negotiation, the plans had not been drawn. Starrett Bros. & Eken had not visited the site; therefore they could but generalize as to the type of organization that they thought would be required.

Senator BREWSTER. The facts are that at the time you conferred with them in September, they had a considerable number of key personnel at that time unemployed whom they were ready to transfer to the Government pay roll at some price to be agreed; they were not to furnish equipment; they had familiarity with housing construction in New York City and vicinity; and for \$268,690 Mr. Hunter was going to come down to Blanding a part of the time. The only thing which I am able to discover that the Government secured for this thing was whatever knowledge Mr. Hunter might possess and whatever interest he might take in the success of this job. We shall be very interested to find out just precisely what that was. He wasn't able to be here today, although he was apprised of this meeting. But \$268,000 for what was contemplated as a 6-month job is quite a lot for a single man, and that is all the Government was to get so far as we can discover in the record.

Mr. LOVING. Should it not be borne in mind that the assigning by Starrett Bros. & Eken of their key personnel, their superintendents—

Senator BREWSTER (interposing). They got them on the Government pay roll at a time when they were not otherwise employed. This is a 6-year job, this isn't an Empire State Building; this was a 6-month job through the winter when apparently they had nothing else in view, and they got their key personnel taken care of for 6 to 8 months. I think it was pretty good business from their stand-

point, and I think when they got \$268,000 for Mr. Hunter's part-time services, it was very attractive from their viewpoint.

I wanted to be clear on what is working in my mind so that if you have any comment to make on that, you are at perfect liberty to. We want to accord every privilege of statement.

Mr. LOVING. My observations are, sir, that a corporation of this character has but few key executives; however, a firm of this character has a large organization.

Senator BREWSTER. Yes.

Mr. LOVING. It may be questionable as to whether or not they had an opportunity to utilize and employ their key personnel elsewhere.

Senator BREWSTER. Yes.

Mr. LOVING. But by concentrating their men on a job of this character, you automatically take a contractor in a sense out of circulation.

Senator BREWSTER. For 6 months.

Mr. LOVING. Thus depriving him of an opportunity to employ his men, his talent, and his experience on other jobs on which he expects to make a profit.

Senator BREWSTER. Of course, the point which I emphasize is the temporary character of this work, that it took care of them through a tough period. That is quite different from the ordinary job.

Mr. LOVING. It is difficult, too, Senator, in that the short time of completion, the necessity for giving the job most intense direction, calls for out of the ordinary work on the part of the executives as well as the key personnel.

Senator BREWSTER. Did the Government reserve the right to reject any of the Starrett Bros. personnel that might be assigned?

Mr. LOVING. The Government, sir, had the right not only to object, but reserved the right to approve every man placed on the project on a reimbursable basis, as well as to approve his salary. That was the province of the constructing quartermaster.

The CHAIRMAN. I have here a list of 14 people which Starrett Bros. had as administrative and supervisory employees whose salaries previous to their work with the Government amounted to \$88,600, and whose salaries on this job amounted to \$103,980, an increase of \$15,380. I will place that in the record at this point.

(The list referred to was marked "Exhibit No. 58" and is included in the appendix on p. 1253.)

Senator BREWSTER. This multiple housing project in New York of which you speak is the only one you cite as particularly evidencing their qualifications in this type of work, is it?

Mr. LOVING. They had in their record filed with the Construction Advisory Board a record of projects that they had constructed in prior years. It was my understanding that this large project in New York was drawing to a close, and it was my firm conviction that a concern which could successfully handle, organize, and direct a \$54,000,000 job certainly should be able to organize and direct one involving an expenditure of about eight or nine million dollars.

LABOR USED ON BLANDING JOB

Senator BREWSTER. Is the labor problem in the South very different from that around New York City?

Mr. LOVING. Yes, sir.

Senator BREWSTER. Was that discussed?

Mr. LOVING. Yes, sir.

Senator BREWSTER. What was the conversation regarding that?

Mr. LOVING. Our conversations with Starrett Bros. & Eken hinged upon the question of open or closed shop operation. They advised that they were closed-shop operators, using only union labor.

Senator BREWSTER. Well, is that usual in the South?

Mr. LOVING. No, sir.

Senator BREWSTER. So that you practically were unionizing this job by your designation.

Mr. LOVING. Starrett Bros. & Eken stated that they would not undertake construction unless they could operate under a union basis.

Senator BREWSTER. The Jacksonville naval air base was constructed under similar conditions?

Mr. LOVING. I can't answer, sir, from the standpoint of first-hand knowledge.

Senator BREWSTER. Well, was that factor taken into account in connection with sending a concern into the South here?

Mr. LOVING. The Government did not elect to tell the contractors whether or not they would operate on a closed shop or open shop basis. That was a prerogative which was reserved to the contractors. It was their privilege to operate the job in accordance with their regular practice.

Mr. FULTON. In that connection, when you were estimating the cost of the camp, what labor rates did you use?

Mr. LOVING. I had no knowledge of the basis under which the estimates were prepared.

Mr. FULTON. Who prepared the estimates?

Mr. LOVING. They were prepared by the engineering branch and submitted to me as a completed document for use in negotiations.

Mr. FULTON. Now, in order to know whether that estimate was good, bad, or indifferent, you had to know, in the case of the contractor who proposed to use the closed shop, whether the estimate was based on union or nonunion labor.

Mr. LOVING. We did not make any check as to the basis under which the estimates were prepared.

Mr. FULTON. In other words, you didn't know whether it was high enough to cover this new factor of using labor, which being unionized would largely have to be imported from the North.

Mr. LOVING. It was known, Mr. Fulton, that the labor rate was to be established by the Department of Labor on a basis of conditions prevailing in the locality of the project, but it was my information that most of the rates established by the Department of Labor approximate the union rates prevailing in the locality of each project.

Mr. FULTON. And as a matter of fact, was that something that you were able to carry out at Camp Blanding, or did the union men insist upon and receive double time, overtime, because they had agreements in the North for that?

Mr. LOVING. Since I have had no identification with construction operations for quite a number of months, I can't answer your questions as to just what their union operators did demand. You, of course, understand that conditions with respect to the payment of overtime vary in different localities. In our negotiations with various contrac-

tors, we make specific inquiry as to what is the practice locally with respect to payment of overtime for work in excess of 8 hours, in excess of 40 hours a week, for work on Saturdays, Sundays, and holidays, and we attempt as far as we can to conclude negotiations on the basis that the contractor will prosecute the job in accordance with the conditions which actually prevail in the locality.

Mr. FULTON. In this particular case, this contractor didn't know anything about the local conditions, did he?

Mr. LOVING. Well, while I am not an authority on how unions operate, it is my information that the conditions which prevail in the locality of the project apply and not conditions as they exist in New York, Chicago, or some other section.

Mr. FULTON. And that is why I asked whether this contractor knew anything about the conditions as they prevailed in Florida, and if so, did you discuss those with him?

Mr. LOVING. We did not discuss them from a standpoint of the local conditions here.

Mr. FULTON. So then the earlier observation that you checked with the contractor as to the local conditions would at least in this instance not have been done.

Mr. LOVING. We did not check in this instance as fully as we have done in the later negotiations and are doing at this time.

Mr. FULTON. Now before you determine on a closed shop for this particular project, would you ordinarily ascertain whether there are workmen in that area in numbers even remotely approaching the quantity that you would need who are members of unions? In other words, were there enough electricians and plumbers and other union men in this Florida area to warrant a closed-shop practice?

Mr. LOVING. We had no way of determining just how many men were available in any particular locality for work on any particular project. You, of course, understand that there is other work under construction, that the load varies from time to time, and I don't think you will find many instances where there has been sufficient labor, particularly in all of the skilled classifications, in any one locality in sufficient number to man and equip a project.

Mr. FULTON. Isn't this particular project one of the worst from that particular standpoint, of not having in this area union members in sufficient numbers to supply those particular trades, and didn't the operation of selecting a contractor who would work only with a closed shop automatically exclude the Florida men who were in the habit of doing this work in this area?

Mr. LOVING. I didn't get that question.

Mr. FULTON. I said, didn't the selection of the closed-shop operator automatically exclude the local men who were plumbers and electricians, and otherwise, who did work in this area but were not union men?

Mr. LOVING. I think you will find, sir, that practically all or a large percentage of qualified plumbers and electricians do belong to the unions.

Mr. FULTON. Do or did, in this area?

Mr. LOVING. Well, I didn't make a check of conditions in this area.

Mr. FULTON. Wouldn't you consider it important, before determining that factor as to whether you would have a contractor who would employ only closed-shop people, to find out what this particular area had as its practice?

Mr. LOVING. We were concerned with picking that firm, from three, which in our judgment appeared best qualified to handle this job.

Mr. FULTON. In order to determine who was best qualified to handle the job, even if you disregard cost factors, you still must have regard to the question whether he can obtain the best labor in the area easier than other contractors could do it. Certainly you would give consideration to that factor, wouldn't you?

Mr. LOVING. I question the wisdom of sending a declared closed-shop contractor into an open-shop territory.

Mr. FULTON. Did you question that in September when the contract was let?

Mr. LOVING. We thought about it.

Mr. FULTON. As I understand it, you had authority to reject all three names and to ask for another list, did you not?

Mr. LOVING. I had no authority to do other than to recommend to the chief of the division which firm of the three recommended appeared to be best qualified.

Mr. FULTON. Did you have authority to recommend that he ask for another list which might include some southern contractors?

Mr. LOVING. I served merely in an advisory capacity to the chief of the Construction Division.

Mr. FULTON. Irrespective of whether it is advisory or otherwise, would you have authority to advise that there could be other contractors who, in your opinion, might be more suitable for this project?

Mr. LOVING. I presume I had the privilege of making any recommendations that I might wish to make to the chief. It was his prerogative as to whether or not he accepted them.

Mr. FULTON. I think Mr. Harvey testified some months ago before a House committee that there was authority to ask for a second list. Do you know of any instance in which that was ever done?

Mr. LOVING. Yes, sir; there have been two or three instances.

Mr. FULTON. Then you would have had authority in this instance to ask for another list, or at least to advise that one be obtained?

Mr. LOVING. With the approval of the chief of the division, a second list would have been requested.

Mr. FULTON. And, in your present opinion, you would at least question the advisability of designating a northern firm, which had closed shop agreement, for construction work in the South in an area which had at least very few union members in the important trades.

Mr. LOVING. I don't think, sir, you will find that to be the case, as in recent months—the last 2 or 3 years—the unions throughout the entire South have been quite active in attempting to organize fully the skilled trades.

Mr. FULTON. Well, would you tell me the facts with respect to this particular area as you found them on any investigation you made?

Mr. LOVING. I am unfamiliar with conditions in detail as they exist in this area.

Mr. FULTON. And no such investigation was made?

Mr. LOVING. No, sir.

EQUIPMENT USED ON BLANDING JOB

Mr. FULTON. Now with respect to the contractor, in addition to the question of furnishing labor, there is the question of furnishing or at least assembling equipment. I understood you to say that this particular contractor had no equipment at all of his own for use on this project and that he had a policy of renting and obtaining equipment from others; is that correct?

Mr. LOVING. Correct.

Mr. FULTON. Wouldn't that again make it important to choose a contractor from the area, who would have had more detailed connection and more of this "know how" experience in assembling equipment in the South, that is, who would have known the people who had equipment and the general terms upon which they would be willing to rent, instead of someone from the North who had no knowledge whatever of local conditions with respect to equipment?

Mr. LOVING. I don't think you will find that many of the contractors experienced a great deal of difficulty in locating sources of supply of equipment.

Mr. FULTON. At prices which they desired to pay or which were commensurate with this scale that you had?

Mr. LOVING. Naturally, the demand for the equipment has affected the market.

Mr. FULTON. And would it not be true, in your opinion, that a man who had done considerable contracting in the South would have known more about southern equipment and where to obtain it and the conditions under which it could be obtained than one who had never operated in the South?

Mr. LOVING. The equipment as used today on construction work is fairly standardized.

Mr. FULTON. My question related to where they were going to get them within the southern area, for example, trucks, various cranes, and bulldozers, and so on. Wouldn't a southerner know more about where it was and where he could get it than a northerner?

Mr. LOVING. I don't think that a contractor going into any territory would experience undue difficulties in securing equipment, since it would be a very simple matter to insert an advertisement in the usual trade journals or in a newspaper, as is done in the case of advertising for bids on contracts or advertising for bids on materials. This contractor could go into any locality and prepare an estimate of the equipment, showing number, description, characteristics of the equipment he needs, and I would think he could locate potential sources of supply very readily by advertising in trade publications.

Mr. FULTON. Did he, in fact, do that in this instance?

Mr. LOVING. I can't answer that.

Mr. FULTON. Did he have any trouble assembling equipment for this camp?

Mr. LOVING. I can't answer. I am not familiar with that.

Mr. FULTON. Would you say it would be a wholly worthless facility to have knowledge of the equipment and the principal people who deal in equipment in this area? In other words, would that be a factor you wouldn't consider valuable in selecting your contractor?

Mr. LOVING. That information is assembled by the War Department early in the construction period. I secured the best available equipment man and placed him in charge of equipment. He actually maintains a record of available equipment.

Mr. FULTON. Does that mean that the contractor does not negotiate for the equipment, but that in all cases it is done by the War Department itself?

Mr. LOVING. In no cases are the negotiations conducted by the War Department. This is maintained as a matter of information to assist the contractors needing equipment in locating equipment that is known to be available.

Mr. FULTON. That, of course, is an assistance factor, but now with respect to the contractor's own knowledge of local conditions with respect to equipment, would you consider that an asset or not an asset in determining whether you should select that particular contractor?

Mr. LOVING. It should be an asset in that it undoubtedly would facilitate the acquisition of such equipment as might be needed.

Mr. FULTON. And did you find that Starrett Bros. possessed that particular asset?

Mr. LOVING. I can't advise you as to what particular operations Starrett Bros. & Eken went through in locating the equipment for this particular job.

Mr. FULTON. I was asking with respect to what information they gave you or they were asked for with respect to their ability on this particular area to assemble equipment quickly and under the cheapest possible terms.

Mr. LOVING. I concluded that any firm which could successfully handle \$300,000,000 worth of work of this character, who could successfully handle the housing project of \$54,000,000 had sufficient acumen and sufficient initiative to know where to go to get the equipment.

Mr. FULTON. Then I take it the answer is you did not ask them this particular question.

Mr. LOVING. I did not.

PERSONNEL ORGANIZATION OF STARRETT BROS. & EKEN

Mr. FULTON. That deals now with labor and with equipment. With respect to the key organization and the 14 individuals in particular who were actually taken on the job, was there ever any check back to find out whether those were the same individuals that they, in negotiating the contract, mentioned as being available to work on this job, or whether they substituted other personnel?

Mr. LOVING. A copy of our negotiations, including the questionnaire and the information developed as a result of questions and answers is in every case furnished to the constructing quartermaster.

Mr. FULTON. But I had this in mind, that an organization like Starrett Bros. might frequently hire persons to become part of what

you might call key personnel who never were retained by them in their history, and I was wondering whether any check was made to ascertain whether the organization which is in effect purchased for the fee is actually delivered by the contractor or whether he assembles an organization in large part made up of persons that he has had to hire for the particular project.

Mr. LOVING. Well, you can appreciate, sir, that no contractor could afford to maintain on his pay roll the maximum number of men that he would require when he had the maximum volume of work under contract; as a contractor's volume of work goes up and down, as it does in the case of every contractor, he of necessity has to expand his organization as he takes on additional work and finds it necessary to augment his staff of men that he maintains on his pay roll regularly.

Mr. FULTON. I had in mind is there any check made to ascertain whether in fact he not only has to expand, but in large part has to substitute outside men for the ones that he had on his pay roll regularly? In other words, they show you a list of key men. My question is whether those men are furnished on this project or whether some other largely substituted group, many of whom were never before hired by that contractor, are in fact actually furnished to the job, all, of course, at Government payment of salary?

Mr. LOVING. I stated, Mr. Fulton, we furnished to the constructing quartermaster the list of personnel that the contractor indicates during the negotiations are potentially available for use on this project, if, as a result of subsequent analysis of the organization, the contractor determines that he needs a man of a particular qualification of those listed specifically in his questionnaire.

Mr. FULTON. My question was whether there is any check made to ascertain whether in fact the key organization that has been represented to you as existing is actually transferred by that contractor to this job. In other words, do you know today whether they sent the men there that they indicated to you were available?

Mr. LOVING. The contract, as I stated, provides that every man furnished and the salary paid him is subject to the approval of the constructing quartermaster.

Mr. FULTON. I think you still misunderstood my question.

Senator BREWSTER. I think apparently he either doesn't know or he doesn't want to answer. Do you know whether or not that is checked?

Mr. LOVING. I do not.

Senator BREWSTER. That is the answer; he doesn't know.

You are not even clear whether you had this list of key men, are you?

Mr. LOVING. Yes, sir.

Senator BREWSTER. You are clear that you did have it?

Mr. LOVING. Yes, sir.

Senator BREWSTER. And that it is in your files somewhere in Washington?

Mr. LOVING. Yes, sir.

Senator BREWSTER. And you will furnish it to us?

Mr. LOVING. Yes, sir.¹

¹ Subsequently furnished, appears in appendix, facing p. 1265.

Senator BREWSTER. So that a comparison with this list of 14 key men we have will verify this question Mr. Fulton asked? Is that correct?

Mr. LOVING. Yes, sir.

Senator BREWSTER. Would it surprise you to learn that one of these men who was transferred from Starrett Bros. to the Government pay roll—two or three of them, in fact, had their salaries increased something over 50 percent in the transfer? Would that be in accordance with what you would expect?

Mr. LOVING. Our regulations provide for increase in salary paid under certain conditions, and properly so, I think. As an illustration, assume that Starrett Bros. & Eken had a particular individual employed in their New York office regularly and that this man maintains a home in the vicinity of New York, and assume that it is required that this man move to Blanding or to some other spot for 2 or 3 months. Obviously the man would not be expected to sell his home, move his family to Florida or some other spot, for a short period. Obviously, the man would be put to extra living expenses, and in our negotiations in such cases we have approved of an increase over the regular salary paid at his home office to about equalize the extra living expenses put to due to maintaining two domiciles.

Senator BREWSTER. You are familiar with living expenses in the South as compared with New York City?

Mr. LOVING. Yes, sir.

Senator BREWSTER. Here are three cases that I would like you to consider. One man whose previous earnings had been \$4,000 was increased to \$6,500; another man whose earnings had been \$5,000 was increased to \$7,000; another man whose previous earnings had been \$4,000 was increased to \$7,000. Wouldn't you think that \$3,000 for 3 months was a pretty liberal allowance for the cost of living in Florida? That is a thousand dollars a month.

Mr. LOVING. The question would arise in my mind as to whether the man had been paid a comparable salary in the past for the performance of similar work with equal responsibilities and under the long hours required.

Senator BREWSTER. I think you have now put your finger on the proposition that Starrett Bros. & Eken did not have the men on their pay roll, apparently, accustomed to handling the degree of responsibility which they were obliged to impose upon them at Blanding, and I think that tells the story of whether Starrett Bros. had a competent organization previously created which they were going to transfer down here. It is very evident that they were obliged to impose upon these men much greater responsibility if the Government got value received for what they were paying. Is that a fair comment?

Mr. LOVING. I didn't follow you.

Senator BREWSTER. What?

Mr. LOVING. I didn't follow you, sir.

Senator BREWSTER. There seems to have been quite a lot of things in this matter that you haven't followed, Mr. Loving, and I think that if a little more close attention had been paid to this matter in its inception, a very great tragic result might have been averted.

Out of your negotiation of this contract, it has cost the Government also \$20,000,000. Have you followed that? Twenty million dollars over the figure for which you negotiated this thing. Someone has certainly tragically erred, and you apparently are not particularly concerned. Do you follow that?

Mr. LOVING. I deny that.

Senator BREWSTER. Well, I wish you would manifest a little more interest, then. We have asked you quite a lot of questions. You haven't your records, you haven't your recollection, you have indicated a variety of attitudes here, and now you tell me calmly that you didn't follow my statement. I don't know what the answer is to that. We were charged with the responsibility of finding why this camp cost \$20,000,000 more than the original estimate. That is a serious matter to us whether or not it is to you, as a Government employee, and we are trying as earnestly as we can to find out.

Now we find three men here whose salaries are increased over 50 percent in their transfer from New York to Blanding. What is the reason for that, in your judgment? Were they given more responsible work than they were doing? Is that the answer? Certainly it wasn't the living cost of coming to Florida.

Mr. LOVING. I am not in a position, sir, to tell you why any particular individual salary was increased. They were not submitted to me for my personal opinion. You will have to ask the constructing quartermaster who approved the salary as to why he did it.

TESTIMONY OF MAJ. G. H. DAVIDSON, CONSTRUCTION DIVISION, OFFICE OF THE QUARTERMASTER GENERAL

Major DAVIDSON. May I add a word in that connection, Senator? In our projects throughout the country, the average increase in salary paid to the contractors' employees has averaged about 20 percent increase over what they have drawn on their previous jobs, and that increase is considered to be an equitable one by the Construction Division, and it is considered equitable for these reasons: The first is because these men have been used on previous jobs, spending 40 to 44 hours a week on the job. On the present construction jobs they are spending upward of 70 hours a week, in many cases, on the job. In consideration of that, they get no overtime payment for the extra time they put in. That includes work throughout the 7 days a week.

In addition, while it is normal for the employees of a contracting company to have to establish in many cases two residences, now they have to establish a second residence under conditions which are abnormal. In other words, they are required to live in communities where the population has increased many times, three or four hundred percent, and where the cost of living has gone up considerably.

Senator BREWSTER. Isn't that usually the case on major construction jobs?

Major DAVIDSON. No, sir; I don't believe so—not with the magnitude that has occurred on our jobs.

In addition to that, we have one very vital element which I think you missed. That is the health factor of the men involved. These contractors and architect-engineers who have been working on these jobs have been doing a tremendous job in a limited length of time, and the health angle of those men so employed I think has been very

important. I think an average increase of 20 percent over their previous salaries is certainly equitable, if not insufficient.

Senator BREWSTER. We have not been particularly surprised or concerned over that. The three cases which I pointed out were over 50 percent, one from \$4,000 to \$7,000. That was the occasion of my inquiry of Mr. Loving.

Major DAVIDSON. I am not familiar with those individual cases, but may I point out in that connection that I believe those salaries that you quoted were on a yearly basis, were they not?

Senator BREWSTER. Yes.

Major DAVIDSON. So \$3,000 is really not the true compensation. It would be a fraction, a quarter for the 3 months involved. I am not familiar with the cases.

Senator BREWSTER. Let's get back to percentages. You have spoken in terms of 20 percent, and I am speaking in terms of 50 and 60 percent. You are not prepared at this time to justify that particular case?

Major DAVIDSON. No, sir. I can give you the general background and policy.

Senator BREWSTER. We quite understood that general policy, that there were factors which had led to some increase, but when you come to such a pronounced change as that, it would seem to indicate that the man is carrying a greater responsibility here at Blanding than he was in New York, in other words, that the Starrett organization wasn't equal to the task imposed on it, or else they were substituting inferior men for superior positions, one or the other. That is the inference we draw.

Mr. FULTON. Now, Mr. Loving, we have gone into the question from the standpoint of labor and organization and equipment. I want also to go into the question as to whether Starrett Bros. & Eken were prepared to do the job, or whether they expected to have to subcontract part of the work. Could you tell us the facts with respect to that?

Mr. LOVING. Yes, sir. They advised us that they were in a position to undertake all phases of construction, except the construction of the mechanical items such as plumbing, heating, and inside electrical work, which items of construction are normally sublet by practically all responsible building contractors.

Mr. FULTON. Specifically, did they tell you that they were ordinarily in the habit of doing grading work?

Mr. LOVING. They did, sir. They referred to the fact specifically that they had constructed all items of utility construction, including grading, roads, water, sewers, and other utilities incident to the construction of this housing project in New York.

Mr. FULTON. And that generally speaking they were grading contractors as well as building contractors?

Mr. LOVING. I wouldn't say, sir; that they classified themselves as being grading contractors and that they operated as such, but they stated that it was their customary practice to rent the necessary grading equipment and that they had men in their organization who were qualified to direct grading operations.

Mr. FULTON. So that you specifically checked on that particular feature?

Mr. LOVING. Yes, sir.

Mr. FULTON. Now actually, was there a subcontract of sewer and waterwork to Blythe Bros. in this particular project?

Mr. LOVING. Not insofar as I know.

Mr. FULTON. So far as you know, there was no subcontract of any of the utilities?

Mr. LOVING. No, sir.

Mr. FULTON. And at least in negotiating for the fee you contemplated no subcontracting arrangement.

Mr. LOVING. No subcontracting arrangement other than for the mechanical items.

Mr. FULTON. And that would be for plumbing and electrical work.

Mr. LOVING. Inside electrical work and sheet-metal work.

Mr. FULTON. For exterior items you contemplated none?

Mr. LOVING. Correct, sir.

Mr. FULTON. If there was subcontracting done, resulting of course in the organization of "know how" experience in subcontractors being purchased by the Government, wouldn't that mean that the Government paid twice for the same service, once to the Starrett Co. for the fee and once to the subcontractor for his subcontract price, which of course included his valuation of his organization?

Mr. LOVING. Yes, sir; if the negotiations were concluded on the assumption that Starrett Bros. & Eken would construct with their own forces all of the outside utilities and subsequently the utilities were constructed under subcontract, and if the Government paid a fee for their work, that would have resulted in the payment of a duplication in the fee.

Mr. FULTON. Whether the Government paid the fee or whether it was the contractor, which of course was included in the contract price, the valuation which the subcontractor placed on the organization that he was delivering, the fact would be that the Government would be paying for that organization.

Mr. LOVING. You mean if they subcontracted on a fixed-fee basis?

Mr. FULTON. Whether it was a fee or a cost-plus-fixed-fee arrangement or a lump-sum bid, it would still include a price for the organization; would it not?

Mr. LOVING. Well, if Starrett Bros. & Eken——

Mr. FULTON (interposing). Wouldn't it have to include that? Wouldn't the answer be "yes" or "no"?

Mr. LOVING. I don't think so, sir. I think that if Starrett Bros. & Eken utilized the forces of a subcontract firm, and those men were properly chargeable on a reimbursable basis, then I don't think there is any duplication of cost. By that I mean this: That if Starrett Bros. & Eken had assembled an organization to prosecute construction of the utilities—that is, superintendents, and foremen, and pipelayers, and what not—those men would have been a direct item of cost. I don't see that there is any duplication of cost to the Government if they took men of like character from another organization and placed them on the pay roll to perform comparable service.

Mr. FULTON. Suppose they hired another organization to provide utilities or road building, or any of the other things in connection with this camp, wouldn't they necessarily have been hiring that organization on the basis which would include whatever valuation that

organization had in the minds of its owners, and wouldn't that have been a duplicate payment?

Mr. LOVING. It is quite possible—I have heard it intimated; I don't know the facts—that Starrett Bros. & Eken did employ Blythe Bros. to supervise construction of certain utilities. Insofar as the fee is concerned, I have heard indirectly that Starrett Bros. & Eken paid the fee for management service to Blythe Bros. out of their own fee.

Mr. FULTON. In other words, a division of their fee with the subcontractors.

Mr. LOVING. That is what I have heard intimated. I can't tell you from the standpoint of first-hand knowledge of the details.

Mr. FULTON. At least that means that in the negotiations you assumed that they would do it themselves, and in actuality they found it preferable to subcontract.

Mr. LOVING. I wouldn't say they found it preferable.

Mr. FULTON. Were they directed to do it?

Mr. LOVING. The circumstances surrounding that are these: We had instructions to provide for the housing of certain troops early in December. I think it was December 6. At that time I was in charge of construction operations. We checked as to the progress being made by Starrett Bros. & Eken in the construction of the water and sewer facilities. We were not pleased with the progress, and we invited Mr. Hunter, Mr. Solomon of the firm of Solomon & Keis, and the constructing quartermaster, Major Larson, to Washington for conference. The matter was discussed with General Hartman as to what we would do, and we gave consideration to taking that portion of the work away from Starrett Bros. & Eken and awarding it to another contractor. We had a conference that lasted over 2 days in attempting to reach a decision as to what we would do. The consulting engineer, Mr. Solomon, definitely recommended that a change be made. Major Larson, the constructing quartermaster, thought a change would be inadvisable. At Mr. Hunter's request, we gave them 5 or 6 days' additional time in order to show that they could meet the daily production that would be required to complete the utilities in the housing area where troops would arrive on or about December 6.

General Hartman asked me about contractors in the South that I considered qualified to undertake work of that character. I knew that the firm of Blythe Bros. was handling the construction of utilities at the naval base. I knew, likewise, from a standpoint of personal knowledge extending over a period of about 30 years, that Blythe Bros. had in their organization men who were particularly experienced in handling the construction of water and sewer lines under difficult conditions. Frankly, we called Blythe Bros. to Washington with an idea that we would take away the construction of the utilities from Starrett Bros. & Eken and award it to that firm.

However, upon the specific request of Mr. Hunter, we deferred taking that action. Mr. Hunter asked us whom we had in mind placing on the job in the event a change were made. We told him Blythe Bros. He asked us where Blythe Bros. were, and we told him that they had a representative in Washington. Mr. Hunter

said he would like to confer with him. I understand that they did confer, and at first that Mr. Blythe stated he would, without obligation, send his Mr. Paul Howard, who was in charge of the construction at the naval base here, also Mr. W. I. McClelland, a man with a very broad experience and background in the construction of utilities under difficult conditions, to Blanding to assist them in remedying the condition, with an idea of speeding up the daily production.

The CHAIRMAN. They had to get a subcontractor after all to help them out.

We are going to take a recess until 9 o'clock in the morning, and we will continue with you, Mr. Loving.

(Whereupon, at 11:35 a. m., the hearing recessed until 9 a. m., Wednesday, May 21, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

WEDNESDAY, MAY 21, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE INVESTIGATING
THE NATIONAL DEFENSE PROGRAM,
Jacksonville, Fla.

The committee met at 9:07 a. m., pursuant to adjournment on Tuesday, May 20, 1941, in the United States Court, Federal Building, Jacksonville, Fla., Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman, chairman, and Ralph O. Brewster.

Present also: Senator Charles O. Andrews, of Florida; Hugh A. Fulton, chief counsel.

The CHAIRMAN. The committee will come to order.

Colonel Wilson, do you solemnly swear to tell the truth and nothing but the truth in what you say before this committee?

Colonel WILSON.¹ I do.

TESTIMONY OF LT. COL. ARTHUR R. WILSON, WAR DEPARTMENT, GENERAL STAFF, WASHINGTON, D. C.

The CHAIRMAN. Colonel, you had a statement you wanted to make to this committee, which you are at liberty to make.

REASONS FOR SELECTION OF SITE OF CAMP BLANDING²

Colonel WILSON. I have been asked to present before the committee the reasons why the War Department selected the site of Camp Blanding as the place to train the two National Guard divisions. To go into the background briefly, it must be remembered that the State of Florida had its training ground out at Camp Foster.

The CHAIRMAN. Where is Camp Foster, Colonel?

Colonel WILSON. Camp Foster is out here on the St. Johns River about 8 miles from Jacksonville, the present site of the naval training station. The Navy wanted that particular site from the Florida National Guard, and it was necessary for the guard to select another site. The site which they were to select also had to be approved by the War Department. In the early fall of 1939 Gen. Vivian Collins, the adjutant general of the State of Florida, and his armory board went thoroughly into the selection of sites for this new National

¹ Lt. Col. Arthur R. Wilson, War Department, General Staff, whose previous testimony appears in Hearings, Parts 1 and 2.

² In this connection see also Hearings, Part 1, pp. 199-200, 253-264.

Guard camp. They reconnoitered and inquired into six different areas: The Talquin area in Gadsen County, the Eastport area in Duval County, the Dinsmore area in Duval County, the De Land area in Volusia County, the Green Cove Springs area in Clay County, and the Kingsley Lake area in Clay County, the one which was finally selected.

They went into a number of considerations—this armory board of the State of Florida—in selecting the camp site. They considered the elevation and drainage, the health, the absence of mosquitoes—and it was a difficult matter to find a place in Florida that didn't have too many mosquitoes, the accessibility to units of the Florida National Guard, the rail and highway facilities, the cost of property, and inasmuch as this camp had to be a training area for the Field Artillery of the National Guard, they had to have land on which they could put a Field Artillery range. Then they had to have in mind the availability of adjoining lands which might be rented at nominal price for field maneuvers and access to markets, and for the National Guard summer encampments, the facilities for recreation—swimming, and so forth—and in general the climate and soil.

Now there is one interesting thing in the selection of this final site that I want to read here, an extract of a letter which I have from General Collins.

The CHAIRMAN. Who is General Collins?

Colonel WILSON. General Collins is the adjutant general of the State of Florida. His letter throws considerable light on why the Camp Blanding site was finally selected by the National Guard of the State of Florida as their training ground.

The CHAIRMAN. Proceed.

Colonel WILSON. He says (reading):

It will be recalled that the old National Guard camp site, Camp Foster, near Jacksonville, had been donated to the State by the Jacksonville Chamber of Commerce, and the deed to that property contained a clause which nullified the title in the event the site was abandoned by the National Guard. In selling this property to the Duval County Air Base Authority for \$400,000, it was necessary to obtain a quitclaim deed from the Jacksonville Chamber of Commerce. That body claimed that its original investment was made solely with the view of obtaining such commercial benefits as a military camp might bring to a community, and declined to release its claim on the property. In order to effect the sale, the State Armory Board entered into an agreement with the chamber of commerce to the effect that a new site would be purchased as close to Jacksonville as could be found which met the requirement of the armory board and which also received the approval of the War Department. Under the provisions of this agreement all proposed sites within Duval County were immediately rejected; first, because they failed to furnish necessary training area for either infantry or artillery, and secondly, because the prices were prohibitive.

That is the end of the quotation.

Now, he goes on further and states that after they had determined on the site, the tract in the Kingsley Lake area in Clay County came the nearest to meeting all the governing factors as mentioned above.

Certainly it was the only tract within 200 miles of Jacksonville that came within the limitations of available funds.

The armory board is convinced that its selection was sound and that the lands comprising Camp Blanding and its location was the best available within the State. * * * No other place found within the State was so free of mosquitoes.

That is the end of the quotation.

The Camp Blanding site and the other sites in Florida were inspected by a board of officers composed of representatives of the War Department General Staff and the General Staff of the Fourth Corps Area from Atlanta, Ga., and this site was strongly recommended not only by the adjutant general of the State of Florida, but also by the Chief of the National Guard Bureau, who at that time was Major General Blanding, of Florida, and also by General Andrews, who at that time was G-3, or the Chief of Operations, and Assistant Chief of Staff of the War Department General Staff.

That, then, was the background and the status when the emergency came along and the War Department was looking for a site to place divisions. Keep in mind now that the National Guard had not only selected this site, but that it had been approved by the War Department and construction had started to build a camp there for the Field Artillery brigade of the Florida National Guard and to move its seat of operations and training from Camp Foster to Camp Blanding.

The CHAIRMAN. Did the Florida National Guard or the State of Florida own this property?

Colonel WILSON. No, sir; the armory board had to purchase that property. As a matter of fact, that area out around the lake had been rented for maneuver purposes and for the purposes of a firing range by the Florida National Guard. It had been used as a general maneuver area for a number of years.

The War Department, then, in September 1939—September 7, to be exact—approved the recommendation for the Kingsley Lake area as a permanent training ground for the Florida National Guard to take the place of Camp Foster.

The CHAIRMAN. Who was responsible specifically for the location of the camp on its present site; that is, where the tent camp is now located?

Colonel WILSON. You mean the original camp?

The CHAIRMAN. The camp as it is now located.

Colonel WILSON. You are speaking of the camp the War Department built?

The CHAIRMAN. Yes; the camp where we spent \$27,000,000.

Colonel WILSON. The responsibility specifically, of course, for the general location, is in the War Department. The War Department General Staff approved the general location. The exact location, the layout and plan of the camp was approved by Brig. Gen. J. L. Frink, acting for the Fourth Corps Area commander, on September 15, 1940.

The CHAIRMAN. By any chance, did the general walk over that land, or did he sit in the Fourth Corps Area headquarters and make the location?

Colonel WILSON. No; according to the records which I have in the War Department, on September 15, 1940, the quartermaster for the Fourth Corps Area, who is General Frink, visited Camp Blanding and approved the lay-out in the name of the commanding general of the Fourth Corps Area.

The CHAIRMAN. Well, it is perfectly apparent that whoever laid it out didn't walk over the ground very carefully, for the simple reason that a great many of the outfits, as I saw them yesterday, are located in places that are substantially below the drainage area and that are

anywhere from 20 to 40 feet below the level of the lake. There is plenty of land which anybody could see out there where the camp could have been laid without making it necessary to put those outfits in the swamp, and I am just wondering whether somebody sat here in Jacksonville and made that lay-out, or in the Fourth Corps Area headquarters and drew a map. It makes a very pretty lay-out on the map, but when you go and look at it, it cost the Government at least five or six millions of dollars to do that drainage work. I am sure that is one of the reasons why the camp ran into so much money. I want to find out who is personally responsible for locating that camp in the area where it is when there is plenty of area out there where it could have been located without costing the Government so much money, and I would like to know who that fellow is and if he is still locating camps for the Government.

Colonel WILSON. I think, Senator, that the lay-out—that is, the lay-out plan, the drawing which you are looking at—which does look like a landscape-artist's conception—

The CHAIRMAN (interposing). It is a dream for a landscape artist, there is no question about that.

Colonel WILSON. Probably it was drawn on a drawing table in the Quartermaster General's office in Washington, but that doesn't mean that whoever is on the ground—the constructing quartermaster on the ground and the people who are to adapt that particular plan to the terrain—did not have authority to recommend changes. They had full authority to do so.

Now the general layout and plan, as I say, according to the War Department records, was approved by General Frink, who is quartermaster of the Fourth Corps Area, undoubtedly in consultation with the constructing quartermaster and the architect-engineers who were here on September 14, and the constructing quartermaster, Major Larson. He was here on August 29.

The CHAIRMAN. That constructing quartermaster was afterward relieved, wasn't he?

Colonel WILSON. That is correct.

The CHAIRMAN. I am not an engineer, neither am I a landscape artist nor am I a constructing quartermaster, but it looks to me as if anybody with horse sense could have gone out there and laid that camp out in an area available right there, if it was necessary to put a camp there, where it wouldn't have cost one-half what it is costing to construct it in its present location.

Colonel WILSON. Unquestionably.

The CHAIRMAN. You agree with me on that?

Colonel WILSON. Yes, sir. Unquestionably there is much terrain there, fine building ground which could have been used. I think possibly the seriousness and the amount of swamp land, so-called, that has had to be filled has been overdrawn, but nevertheless anyone who goes over the terrain, of course, can see that there was good building ground left untouched, and some construction—I don't know how much—was undoubtedly put in low places which did necessitate the filling of low ground.

The CHAIRMAN. I say if the camp had to be placed there, there was plenty of land available where it could have been placed so it would not cost the Government so much money. It seems to me that of

the whole State of Florida that is a poor place to put the camp in the first place.

Colonel WILSON. Senator, I might comment there, if I may, that the corps area commander at that time, General Embick, went into this thoroughly, as did the board of officers, and it is their considered opinion that of all the places they could find in the State of Florida, that is the best place for a camp for reasons of climate, and the morale factor of the lake, the availability of maneuver terrain which can be rented and which they are now doing, and also the fact that you have not only the acreages for training around there, which will amount to around 115,000 acres, but you also have available to the north about 40 miles from the camp, the national forest of Osceola of about 161,000 acres, and then south of the camp, near Ocala, there is another national forest of about 441,000 acres, and all of that being Government land, of course is adaptable to maneuvers.

The CHAIRMAN. I took a trip to the area yesterday, and I made it a point to observe the terrain, and it seemed to me that there were a dozen places where a camp could have been placed. Of course, if it was necessary to have a place where the boys could go swimming, they could furnish Ford cars to take them back and forth, but it seems to me that there were a dozen places where it would not have cost half the money to build it as it did in the location where it was put, and that apparently is due to the fact that some fellow went out there and either looked at a map and didn't look at the ground, or he decided that pretty round lake could be a nice place to make a layout for the landscape artist to dream about, and he just sat down and made it that way.

Colonel WILSON. No, Senator. Of course, the War Department camp was put there. One of the reasons they were following that line of thought was because the National Guard was already there, and they already had a certain amount of land which belonged to the State armory board and other land which the National Guard had under lease. That is one point, and the other point is that the land out there cost less per acre, I think, than the land which you might view between here and Kingsley Lake.

The CHAIRMAN. That is possible. I am not making any firm statement on the matter, but I am just saying that we could have paid a tremendous price for land and still have saved a lot of money on the cost of that camp.

Colonel WILSON. There is one other thought that I think is worth noting, that when the War Department decided to put that camp there, the State Armory Board of Florida did have an agreement that they had about 90,000 acres of the Penney Farms, so-called, leased at \$1 a year.

The CHAIRMAN. I understand that lease prohibited the taking of a gun on it or anything else—tractors or anything else that you would use in maneuvers.

Colonel WILSON. Yes; that is correct. There were a great many prohibitions.

The CHAIRMAN. I notice the restrictions right here on the map. You couldn't maneuver on it to save your life.

Colonel WILSON. You couldn't put a gun or a tractor on it, and therefore you couldn't do very much as far as maneuvering is con-

cerned if you could neither put a gun nor a tractor on it, and at some of those lakes around there you are not supposed to fire a round because it might destroy the fish or something. But that is all being corrected at the present time.

The CHAIRMAN. I notice from these restrictions here that you can't maneuver. It says mechanized equipment may not be used. Motorized equipment has to stay on the roads. How are you going to maneuver and pretend at war if you can't get around over the land? And I suppose that is what it was leased for.

Colonel WILSON. The commanding officer at the camp is now negotiating in order to get those restrictions removed for the War Department.

The CHAIRMAN. Something will have to be done because we have \$27,000,000 invested there now, and it is going to cost several millions more before we get through.

Colonel WILSON. In this camp, incidentally, and in all the camps in the Fourth Corps Area—and of course you know that the Fourth Corps Area is all in the Southern States—we have a great number of divisions, but Blanding was listed as No. 2 in priority by the Corps Area commander and his officers back in 1940, after having reconnoitered the entire area and the possibilities of putting divisions in the various places. The number one area was down at Shelby on account of the De Soto National Forest, and number two was this area here because of its large potential acreage, you might say, and the national forests.

I have here a detailed record showing the sequence of events leading to the selection of Camp Blanding: First, as a site for the National Guard camp for the State of Florida (selected initially by the Armory Board of the State of Florida, and concurred in by the War Department) and secondly its selection by the War Department as the site for the training of two National Guard divisions, which I would like to submit for the record.

1. Its selection as a National Guard camp.

(a) The acquisition of a new site for the training of the Florida National Guard was made necessary in the early fall of 1939 when the Navy Department (with the approval of the State Armory Board of Florida) decided to put a naval air training station on the ground occupied by Camp Foster, near Jacksonville. Camp Foster had been the training area of the Florida National Guard.

(b) The following quotation is from a letter dated May 16, 1941, from the adjutant general of Florida (Vivian Collins):

"The members of the board being acquainted with the lands in all parts of the State and being limited in expenditure of funds, was able to restrict its investigation to (a) the Talquin area in Gadsen County, (b) the Eastport area in Duval County, (c) the Dinsmore area in Duval County, (d) the DeLand area in Volusia County, (e) the Green Cove Springs area in Clay County, and (f) the Kingsley Lake area in Clay County."

(c) Prior to September 1939, the adjutant general, State of Florida (Gen. Vivian Collins), recommended to the War Department acquisition of site for training Florida National Guard at Kingsley Lake.

(d) September 2, 1939: Report of board of Regular officers who inspected the six sites and recommended Kingsley Lake area as a

training site for Florida National Guard, submitted. Board composed of Col. A. L. P. Sands, Lt. Col. D. H. Blakelock (both of Headquarters, Fourth Corps Area, Atlanta, Ga.), and Maj. Donald J. Myers, G. S. C., War Department.

(e) September 5, 1939: The Assistant Chief of Staff, G-4 (Gen. George P. Tyner), recommended to Chief of Staff Kingsley Lake area based on the report of the board of officers.

(f) September 7, 1939: Chief of Staff approved Assistant Chief of Staff, G-4, memorandum selecting this site. Recommendations of G-4 (Brigadier General Tyner) concurred in by the Chief, National Guard Bureau (Maj. Gen. Albert Blanding), Assistant Chief of Staff, G-3 (Brig. Gen. Frank Andrews), the Quartermaster General represented by Col. Rigby Valliant (who was then Chief of the Real Estate Division of the Quartermaster General's Office), and the Judge Advocate General, represented by Maj. Joel Watson. These latter two officers (Colonel Valliant and Major Watson) concurred as to the agreements entered into between the State and the War Department for the joint use of the reservation.

2. Selection by War Department as Division Training Area.

(a) June 1940: Brig. Gen. R. C. Moore (then Assistant Chief of Staff, G-4), Brig. Gen. F. H. Andrews (then Assistant Chief of Staff, G-3), Lt. Col. Stanley Ott of the G-3 Division of the War Department General Staff, and Col. George M. Schumacher (Headquarters, Fourth Corps Area), visited this site in search of a suitable location for an armored division. It was not considered suitable.

(b) June 30, 1940: Assistant Chief of Staff, G-3 (General Andrews), submitted memorandum to the Chief of Staff transmitting station list for National Guard units ordered into Federal service, showing station at Camp Blanding, Fla., for two National Guard divisions, among other items. This list was concurred in by Assistant Chief of Staff, G-1, Assistant Chief of Staff, G-4, the War Plans Division, and the National Guard Bureau, and was approved by the Chief of Staff.

(c) August 1, 1940: The Acting Assistant Chief of Staff, G-4 (Col. V. Meyer), radioed the Commanding General, Fourth Corps Area (Lt. Gen. Stanley D. Embick), requesting his opinion as to the suitability of Camp Blanding as a site for two National Guard divisions, stating that it was the desire of the War Department to start construction immediately; and if his reply was in the affirmative he was to obtain authority from the State for the Federal use of Camp Blanding.

(d) August 2, 1940: The commanding general, Fourth Corps Area (General Embick), recommended Camp Blanding as site for two National Guard divisions as a result of careful inspections of all available sites. General Embick considered that of all of the available sites in the Fourth Corps Area (comprising the States of North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Mississippi, and Louisiana), the Camp Blanding site offered the second best site in the area. (The No. 1 site was Shelby, Miss., primarily because of the availability of the De Soto National Forest as a maneuver area.) The third and fourth choices were in the Beauregard, La., and Sabine River, Tex., areas; and the fifth choice for a second division was at Camp Blanding. This was based primarily on training—after all, the War Department has to train these

divisions—and the Camp Blanding site has a potential maneuver area of around 125,000 acres which could be obtained at a very nominal sum as compared with other areas where the Government would either have to buy land or rent additional ground at relatively high prices. The time element was important. The National Guard of the State already had some land and the War Department was assured the remainder could be obtained.

In addition to the large area of about 125,000 acres immediately adjacent to the camp which includes an adequate artillery range, the availability of Kingsley Lake for training is also highly important. There are few sites in the entire United States where training in the construction of pontoon bridges, so important to engineer regiments, is available. If necessary, practice in embarking in small boats and landing in small boats can be practiced on the shores of this lake. In addition there are two national forests within easy marching distance which can be used as maneuver areas; and this is very important. They are the Ocala National Forest, about 40 miles south, comprising 441,925 acres; and the Osceola National Forest, about 40 miles north of the camp, comprising 161,813 acres.

In addition to the purely training reasons the following were important considerations in the selection of this site:

- (1) Climate—which means the ability to train all the year around.
- (2) Health—the availability of an adequate supply of good, pure water, good drainage, and the comparative absence of mosquitoes.
- (3) Rail and highway facilities.
- (4) Soil, which is good for training and maneuver of troops.
- (5) Low cost to the Federal Government.
- (6) Access to large markets for the purchase of food and other supplies.

(7) Last, but not least, the factor of recreation—towns for the soldiers to go to and most important—facilities for recreation on the post. Lake Kingsley affords an ideal place for swimming and fishing.

(e) August 3, 1940: Authority was granted by the State of Florida to utilize Camp Blanding for mobilization purposes and such authority was transmitted to the War Department.

(f) August 8, 1940: The Assistant Chief of Staff, G-4, issued directive to the Assistant Secretary of War indicating military necessity for leasing 27,000 acres of land at Camp Blanding, Fla.

3. Records do not indicate that a formal inspection by either a constructing quartermaster or an engineer was made of this site prior to its selection as a concentration area for Federalized National Guard. After its selection as a concentration area for two divisions, the following is a sequence of events participated in by the constructing quartermaster and engineers.

(a) Early August: Constructing quartermaster, MacDill Field (Maj. Robert Johnston), started topographic survey. Representative of the Fourth Corps Area headquarters (Colonel Schumacher, previously mentioned) and engineer (Soule) visited Camp Blanding and recommended practicability of concentrating two divisions at Kingsley Lake.

(b) August 11: Col. Chester Haig, Fourth Corps Area surgeon, made an inspection of the site from a sanitary viewpoint. He was accompanied by Engineer Soule.

(c) August 28: Maj. Leander Larson, designated constructing quartermaster, arrived on site.

(d) August 29: Assistant to the constructing quartermaster, Atlanta (Colonel Schumacher), joined the constructing quartermaster (Major Larson) at Camp Blanding to start survey of the camp and preliminary work.

(e) September 14: Architect-engineer (Solomon and Keis) in consultation with the constructing quartermaster made lay-out plan.

(f) September 15: The Quartermaster, Fourth Corps Area (Brig. Gen. J. L. Frink), visited Camp Blanding and approved the lay-out and plan of the camp in the name of the commanding general, Fourth Corps Area.

4. In answer to your specific question—prior to the time that actual construction was started on the camp (that is, at the time it was selected as a site for a National Guard training camp, and later on as a site for two divisions)—I can find no record that any soil tests were made.

5. The above is a summary of the events compiled from the records of the War Department. I had no personal part in the selection of the camp site, or in the approval of the lay-out plans.

The CHAIRMAN. That is all, sir.

Major Kelley, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Colonel KELLEY. I do.

TESTIMONY OF COL. REGINALD H. KELLEY, INFANTRY CORPS, UNITED STATES ARMY

The CHAIRMAN. Major Kelley, will you give your name and title to the reporter?

Colonel KELLEY. Reginald Kelley, colonel of infantry, United States Army.

The CHAIRMAN. I beg your pardon, Colonel.

LEASING BY GOVERNMENT OF LAND AT CAMP BLANDING

The CHAIRMAN. Colonel, do you know something about the title to this property at Camp Blanding? Do we own the camp site where the camp is constructed? Does the Government own it?

Colonel KELLEY. The United States Government does not own any property at Camp Blanding.

The CHAIRMAN. How is the title to that property held?

Colonel KELLEY. It is all under lease.

The CHAIRMAN. For how long?

Colonel KELLEY. We are under lease for 25 years for the most part.

The CHAIRMAN. What happens at the end of the 25 years? Have we a renewal clause in that lease?

Colonel KELLEY. There is nothing in the lease covering what will happen beyond 25 years.

The CHAIRMAN. Then we have invested \$27,000,000 out there and haven't title to the property except in the form of a 25-year lease which is not renewable.

Colonel KELLEY. Nothing was said about renewal beyond 25 years.

The CHAIRMAN. Who would get the buildings at the end of 25 years—and the sewer system, and the water system, and the utilities?

Colonel KELLEY. I don't know.

The CHAIRMAN. It reverts with the land, of course. It does in every lease.

Colonel KELLEY. Those buildings would revert to the State of Florida.

The CHAIRMAN. To the State of Florida?

Colonel KELLEY. Yes, sir.

The CHAIRMAN. Does the State of Florida own the land?

Colonel KELLEY. The State of Florida owns the land on which the buildings are constructed.

The CHAIRMAN. I see. Well, how about the surrounding territory where the maneuvers are supposed to take place; does the Government own any of that land?

Colonel KELLEY. No, sir. Well, it owns—there is a small tract of about 40 acres of Government land to the east to which the Federal Government had title, and there is another small tract up in the small-arms range, of maybe 40 or 60 acres, to which the Government had title, but the balance is all privately owned and leased from private parties.

The CHAIRMAN. Well, are the restrictions on that such that you couldn't maneuver if you wanted to?

Colonel KELLEY. We can maneuver freely on about 51,000 acres—I beg your pardon, on about 40,000 acres.

The CHAIRMAN. Forty thousand acres. These modern maneuvers which are necessary for mechanized equipment require a tremendous amount of acreage over which to maneuver, do they not?

Colonel KELLEY. Yes, sir.

The CHAIRMAN. And 40,000 acres wouldn't be of much value so far as modern maneuvers are concerned when you get right down to it?

Colonel KELLEY. No, sir.

The CHAIRMAN. Does the State of Florida own the so-called impact area south of the camp?

Colonel KELLEY. Yes, sir.

The CHAIRMAN. So that the title to that is in the State of Florida?

Colonel KELLEY. In the State of Florida; yes, sir.

The CHAIRMAN. On what terms are these lands leased from the private owners?

Colonel KELLEY. They are leased on so much per acre per year.

The CHAIRMAN. Do you know how much that is?

Colonel KELLEY. The land listed on the map in front of you as area B, which is the small-arms range, is leased at 30 cents per acre per year.

The CHAIRMAN. For how long a time?

Colonel KELLEY. For 25 years.

The CHAIRMAN. Twenty-five years. And that is leased from private owners?

Colonel KELLEY. From private owners.

The CHAIRMAN. And that is where the ranges for small arms—

Colonel KELLEY (interposing). That is the small-arms range.

The CHAIRMAN. Are being built out there at the expense of the Government, and we have no renewal clause to that lease.

Colonel KELLEY. Not beyond 25 years.

The CHAIRMAN. And to whom does that belong?

Colonel KELLEY. It belongs to about 20, I believe, private owners.

The CHAIRMAN. I see. It is not necessary to name them. Now tell us about the other areas.

Colonel KELLEY. Areas D and E, to the east there, are owned by the Penney Farms interests for the most part, and they are leased, area D at 30 cents an acre, and for area E, below that, the negotiations have just been completed to lease that land at \$1 an acre. The area D—

The CHAIRMAN (interposing). A dollar an acre a year?

Colonel KELLEY. A dollar an acre a year. Area D has restrictions on it which permit the owner to continue use of that land for raising cattle, cupping turpentine, and raising pulpwood.

The CHAIRMAN. How much is that land worth?

Colonel KELLEY. That land is worth somewhere between \$5 and \$10 an acre.

The CHAIRMAN. Yet we are paying a dollar an acre a year for it.

Colonel KELLEY. That is area E below that.

The CHAIRMAN. Yes.

Colonel KELLEY. The reason for the increase in the price of area E is that that land is wanted for gun positions, and in order to put guns on there, the artillery pieces, it will be necessary to traverse it with heavy transportation, and also when the guns are fired, the owners claim it will drive the cattle away and also that the Negroes could not be persuaded to go on that land to cup turpentine. It was with great difficulty that we got the owners to concede at all the use of that land for gun positions.

The CHAIRMAN. Wouldn't it have been much more in the interest of the Government to purchase the land outright rather than to rent for 25 years at \$1 an acre?

Colonel KELLEY. The attempt was made to purchase that land outright, but it was not approved in Washington.

The CHAIRMAN. Tell us about the title to area C.

Colonel KELLEY. Area C is owned by the State.

The CHAIRMAN. Owned by the State of Florida?

Colonel KELLEY. Yes, sir. That is leased from the armory board representing the State of Florida, for \$1 a year.

The CHAIRMAN. It has been called to my attention that the land in the small arms area will be of some value to the Government. Is the Government entitled to that land?

Colonel KELLEY. That small arms range goes back to the owner after 25 years. It does not belong to the State.

Mr. COOKE.¹ Excuse me, Senator. The leases of that property provide that the Government may remove the fixtures.

The CHAIRMAN. You can remove the fixtures? Well, as I saw them, they are mostly perishable except for that concrete wall along

¹ A. Goodwin Cooke, Office of the Under Secretary of War.

there, and I don't think you can remove that or would want to remove it.

Mr. FULTON. Can you remove the lead?

Colonel KELLEY. The lease in the small arms range, to my recollection, says that we must restore it to its original condition if the owners so desire.

The CHAIRMAN. You would have to tear the walls down and level off the banks if they desired it?

Colonel KELLEY. Yes, sir.

Mr. COOKE. Colonel, could that land be condemned if necessary?

Colonel KELLEY. Oh, yes.

Mr. FULTON. With respect to the lead, is there a right to remove that lead which would be deposited there by firing? In the small arms ranges that are used for a period of years to fire bullets, there will be accumulated large deposits of lead, a great number of tons of lead, which would be more or less concentrated and could easily be reclaimed. Senator Truman's question was, Does the Government have the right to remove that lead?

Colonel KELLEY. I see no reason why not, because that lead will all be concentrated in those parapets, and we have to level the parapets if so desired.

Mr. FULTON. But suppose the owner would prefer to level it himself and take the lead, has the Government a right to remove the lead?

Colonel KELLEY. I don't know.

The CHAIRMAN. That is all, Colonel. Thank you very much.

Mr. McLEOD, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mr. McLEOD. I do.

TESTIMONY OF L. B. McLEOD, PRESIDENT, L. B. McLEOD CONSTRUCTION CO., ORLANDO, FLA.

The CHAIRMAN. Will you take a seat, Mr. McLeod, and give the reporter your full name and connections in regard to the construction of Camp Blanding?

Mr. McLEOD. L. B. McLeod, Orlando, Fla., president of the L. B. McLeod Construction Co.

The CHAIRMAN. Mr. McLeod, how did your company come to be connected with the construction at Camp Blanding?

Mr. McLEOD. By contacting representatives of Starrett Bros. at Camp Blanding.

The CHAIRMAN. Your contracts were entirely with the original contractors of Camp Blanding. Is that correct?

Mr. McLEOD. Yes, sir.

The CHAIRMAN. You had no connection with the Quartermaster General?

Mr. McLEOD. I phoned the Quartermaster General myself to find out who had been awarded the contract.

The CHAIRMAN. Did you ever talk to the Quartermaster General before that?

Mr. McLEOD. Yes, sir.

The CHAIRMAN. Did you try to get the contract yourself?

Mr. McLEOD. I told the Quartermaster General that Wolfe and myself were attempting to form a combination of contractors in Florida to qualify for the general contract on Camp Blanding, and I asked General Hartman if he would consider us if we came up and presented our claims and statements, and so forth. We didn't want to come up and bother him unless he was going to consider us, and he said he had already endeavored to work out a combination of Florida contractors—that is, he had looked into the statements and financial connections of the various contractors—and in his judgment they weren't large enough to handle this project; that it would require the expenditure of a million dollars a week for approximately 10 weeks, and in his judgment he would have to select one of the largest in the country in order to be certain that there wouldn't be any fall down in the processing of the contract.

The CHAIRMAN. Did General Hartman make a suggestion to you that you get in touch with Starrett Bros.?

ROAD WORK PERFORMED AT CAMP BLANDING BY McLEOD AND WOLFE

Mr. McLEOD. On my second call to General Hartman, probably a week or two afterward, after he told us we weren't large enough to get the contract, it was rumored that Starrett Bros. had the contract. I didn't know it officially, but I called up General Hartman, and he so told me, that Starrett Bros. had the contract. I asked him if they could subcontract the road work. He said, "Yes," and I said, "Well, do you think that we could go to their representatives and get a subcontract?" He said he thought so; he didn't know, and so he advised that we contact their representative at Camp Blanding.

The CHAIRMAN. Mr. Loving testified yesterday that Starrett Bros. weren't supposed to make subcontracts. Apparently Starrett Bros. didn't understand that.

Mr. McLEOD. They so told me when I arrived at Camp Blanding.

The CHAIRMAN. That they could?

Mr. McLEOD. That they could not subcontract.

The CHAIRMAN. They finally did, didn't they?

Mr. McLEOD. They didn't to us; no, sir.

The CHAIRMAN. On what basis did you get the contract to build the road?

Mr. McLEOD. We got the contract on the basis—we didn't get any contract, just to keep the record straight. We never have had a contract in connection with the actual building of the road. We had a lease agreement for the rental of equipment, and we had what Starrett Bros. issued as a purchase order for materials. They issued us a purchase order for limerock delivered on the road, including unloading, hauling, dumping, and spreading with the truck on the road, not including the freight, and at any time there was no specific amount in any of these purchase orders specifying whether it was 1,000 or 100,000 tons, or what. They could have cut it off at any time they wanted to, so there was virtually no contract there.

The lease agreement on the rental of equipment could have been stopped at any time. There was no specified time.

The CHAIRMAN. You had an agreement with them at so much per ton on the road. Was that the way you worked it?

Mr. McLEOD. Delivered, dumped on the road. If the Senator will permit, we submitted a written bid on this basis of materials and furnishing equipment and personnel.

The CHAIRMAN. I would like you to read it to me, and I would like to hear what you say. We are just trying to get evidence on the construction of this camp. Nobody is going to be hurt unless he needs to be hurt.

Mr. McLEOD. Well, I have no fear of that.

The CHAIRMAN. Just take your time. Nobody is going to push you at all.

Mr. McLEOD. This is dated September 16, 1940, written on H. E. Wolfe and L. B. McLeod stationery. [Reading Exhibit No. 59:]

GENTLEMEN: In connection with the contract for building Camp Blanding, we take pleasure in quoting you limerock, meeting State Road Department specifications, on the road within the area of Camp Blanding for the sum of \$2 per ton, railroad weights to govern, not including freight.

The price for tar prime, meeting State Road Department specifications, delivered and applied on the road base for the sum of \$0.17½ per gallon.

That includes freight.

The price for hot asphalt, meeting State Road Department specifications, delivered and applied on the road surface at \$0.11½ per gallon.

That also includes freight.

Birmingham slag, meeting State Road Department specifications, for the sum of \$2.95 per ton, railroad weights to govern, not including freight.

We are submitting herewith attached a sheet showing in detail the hourly rental rates we agree to furnish equipment listed. In detailing the number of units we are estimating that these are about the units that may be required. If, for any reason, more units than listed were required we can likewise furnish them.

We are in a position to begin this work immediately and increase the capacity of delivered materials as fast as railroad facilities are provided at Starke on which point we are basing our bids to unload materials.

We are in a position to recommend to you trained personnel to be placed in supervision of this work at wages to be designated by you.

It is our understanding that the road work contemplated within the camp is approximately 34 miles in length and is to be 24 feet wide with 8 inch compacted limerock base with surface treatment.

We are certain that the materials quoted can be delivered to enable forces under your direction to complete the entire work within a 90-day period.

For your information, we propose to furnish rock shipped from Williston and Hodgson, Fla., which points bear the cheapest freight rate to Starke. Our reason for a quotation not including freight is that we are assuming that advantage will be taken of the land-grant rate by the Government, which will effect a saving of approximately \$0.28 per ton on the limerock, the standard rate being \$0.70 per ton from both Williston and Hodgson and the land-grant rate being approximately \$0.42 per ton.

The CHAIRMAN. Will you just hand that to the reporter, if you please?

(The letter referred to was marked "Exhibit No. 59" and is included in the appendix on p. 1253.)

The CHAIRMAN. Mr. Fulton will proceed with the examination.

Mr. FULTON. Mr. McLeod, will you tell us something of the work that you had done before undertaking this job?

Mr. McLEOD. The road work?

Mr. FULTON. Well, the road work and general contracting work.

Mr. McLEOD. I have been in the State of Florida since September 1915. I have been in the construction business all of that time except 2 years during the last war, which I served in.

Mr. FULTON. You have done a great deal of road work, I take it?
Mr. McLEOD. Yes, sir; all my life. I have laid thousands of miles of limerock road.

Mr. FULTON. And in the light of general construction, have you done a good deal of that?

Mr. McLEOD. Well, my principal construction work is road work, and I have built a good many sewers.

Mr. FULTON. Having been here for 25 years, you naturally are familiar with the labor conditions in the State.

Mr. McLEOD. I consider myself fairly so; yes, sir.

Mr. FULTON. And also you have had occasion to assemble from time to time large quantities of equipment—trucks and various other equipment—have you not?

Mr. McLEOD. Sir, I am not rated as a tremendously big operator. I have always been a more or less small operator. This is the biggest project that I have ever attempted in that short length of time.

Mr. FULTON. Are you familiar with rental conditions for equipment and particularly road equipment?

Mr. McLEOD. Yes, sir; at that particular time.

Mr. FULTON. And was it with that background that you were interested in perhaps entering into a joint adventure with various other contractors for the building of the camp?

Mr. McLEOD. Our purpose in entering into the combination, Wolfe and I first started out to be considered on the general contract. We had in mind associating ourselves with a building contractor who had full knowledge of the building field.

Mr. FULTON. And that would have been a southern contractor?

Mr. McLEOD. Mr. Wolfe suggested him. We hadn't made any definite arrangements with him, but he suggested a man named Creighton Foster.

Mr. FULTON. Do you know in general what kind of building experience that contractor had?

Mr. McLEOD. No, sir; I didn't. Mr. Wolfe did.

Mr. FULTON. What was Mr. Wolfe's business?

Mr. McLEOD. He is a general road contractor.

Mr. FULTON. So that you were both road contractors?

Mr. McLEOD. Yes, sir.

Mr. FULTON. As I understand it, you owned your own quarry?

Br. McLEOD. Yes, sir.

Mr. FULTON. And is there any particular branch of road-building in which you had had a larger experience or in which Mr. Wolfe had had a larger experience?

Mr. McLEOD. Mr. Wolfe had had experience in concrete work; I had had experience in limerock work.

Mr. FULTON. That would roughly be——

Mr. McLEOD (interposing). The lines and types of experience.

Mr. FULTON. Of course, there wasn't any concrete work in the roads.

Mr. McLEOD. We didn't know when we first went into the work what the type of roads would be. We had no more idea than you did.

Mr. FULTON. I see. Now as to the concrete, of course it would be used in the foundations and other work. In the camp there would be a great deal of that.

Mr. McLEOD. Yes, sir; there was considerable used.

Mr. FULTON. And as I understood it, you contracted General Hartman, head of the Construction Division, for the purpose of seeing whether a group of contractors would be considered if they submitted a joint proposal to build the camp.

Mr. McLEOD. Yes, sir.

Mr. FULTON. Would you tell us about when that was and as nearly as you can, what was said by you and by him?

Mr. McLEOD. I would suggest, to be accurate on it, it could easily be checked by the telephone company records of the date I called Washington and whom I talked to—General Hartman. I would guess it was somewhere around the tenth of September, or somewhere along there. It was prior to the announcing of the award. I don't know just when.

Mr. FULTON. Had there been an announcement that there would be a camp constructed there?

Mr. McLEOD. The papers were full of it.

Mr. FULTON. So it was on reading that that you called General Hartman.

Mr. McLEOD. Yes, sir.

Mr. FULTON. And as I understood you, you said that he stated he had already caused an examination of southern contractors to be made and had concluded that no local combination would be satisfactory.

Mr. McLEOD. He said that no Florida group—the words he used were, “They didn't add up, weren't large enough.”

Mr. FULTON. Of course, your group was solely a Florida group.

Mr. McLEOD. Yes, sir. Well, there was Foster Creighton. Mr. Wolfe would know more about him. I was going on his recommendation about him because I wasn't personally familiar with him. I think he was from Tennessee, I am not sure.

Mr. FULTON. At any rate, at that time you gave up the idea of constructing the camp?

Mr. McLEOD. Definitely.

Mr. FULTON. And was there anything else said by you or by General Hartman concerning the roads, as I understood you?

Mr. McLEOD. No, sir.

Mr. FULTON. At that time you simply talked about building a camp and were told it couldn't be done.

Mr. McLEOD. The general contract. Nothing else was discussed at all.

Mr. FULTON. Then you heard that the contract had been awarded, or at least rumors to that effect, to Starrett Bros. & Eken?

Mr. McLEOD. Correct.

Mr. FULTON. And at that time you had a second conversation over the telephone?

Mr. McLEOD. I called General Hartman myself to make sure if the contract had been awarded, and he told me it had.

Mr. FULTON. And then what was said?

Mr. McLEOD. I asked him if Starrett Bros. & Eken could subcontract the road work. He said they could subcontract any part of it, I think he said. I asked him—I don't know the exact words—if he thought if I went up there I could get a contract from them. He

said, "Well, if you can qualify for them and can do the work, I suppose they would consider you."

Mr. FULTON. And after that conversation, did you have a talk with Mr. Wolfe, or was he impressed?

Mr. McLEOD. I had a talk with Mr. Wolfe previously on the general contract. I had a talk with Mr. Wolfe that night after I talked to General Hartman. I immediately went to Camp Blanding and met some of the representatives of Starrett Bros. & Eken. That night I talked to Mr. Wolfe on the telephone. The following day we met back there and talked to them about this road work.

Mr. FULTON. Had you employed any intermediary of any kind?

Mr. McLEOD. No, sir.

Mr. FULTON. Had you discussed it with anyone other than Mr. Wolfe?

Mr. McLEOD. No, sir.

Mr. FULTON. And General Hartman?

Mr. McLEOD. No, sir.

Mr. FULTON. And so far as you know, had Mr. Wolfe?

Mr. McLEOD. No, sir.

Mr. FULTON. You said you then talked with representatives of Starrett Bros. & Eken. Where was that conversation?

Mr. McLEOD. At Camp Blanding.

Mr. FULTON. With whom did you talk?

Mr. McLEOD. To Mr. Stellmann, the general superintendent, and Mr. Hunter, the vice president.

Mr. FULTON. Would you tell us as nearly as you can what was said there?

Mr. McLEOD. On the first contact?

Mr. FULTON. Yes.

Mr. McLEOD. I introduced myself to Mr. Hunter and Mr. Stellmann. It was a National Guard kitchen where the office was. I told them we were very much interested in doing this road work if we could, that we were fully equipped to do it, that we would like to submit him a proposal on it, and that in fact we would like to subcontract it. They said, "We can't subcontract it, but we can buy the materials in place and rent equipment," and that if we could furnish the personnel, they could take over the trained personnel that could build the roads.

Mr. FULTON. Did he tell you why they couldn't subcontract?

Mr. McLEOD. No, sir.

Mr. FULTON. Were you here yesterday when Mr. Loving testified?

Mr. McLEOD. No, sir.

Mr. FULTON. As I recall it, Mr. Loving testified that there was an understanding at the time of the negotiation of the contract and the agreement on the fee that Starrett Bros. & Eken organization was sufficient to do the work and would not require subcontracting, with the additional profit which any subcontractor naturally would want to have for doing the work. Did anyone tell you of any such understanding?

Mr. McLEOD. No, sir.

Mr. FULTON. They did tell you they were not permitted to subcontract.

Mr. McLEOD. Yes, sir. I would like to add this, if you will permit me to, that while Wolfe and myself combined to try to qualify for

the general contract, if I had it to do today, I wouldn't attempt to try to get the general contract, because I don't think we were big enough, large enough. That is a tremendous proposition. To me it is a miracle the way the thing went up, even under the stress and strain and pressure. We laid roads there with speed that I had never dreamed of. If they had told me that we had to lay 150 carloads of rock in 10 hours, I would have told them that they would have to get someone else because it couldn't be done, because it was beyond the fondest dreams of anybody to lay over 9,000 tons of rock in 1 day. When they told us we had to build a mile a day, we thought we could do it. There were only 34 miles to be built, which was estimated to require 191,000 tons, but we ultimately had to have 645,000 tons, three or four times the amount that we bid on originally.

The CHAIRMAN. That was right in line with most of the estimates, wasn't it? The original estimate was considered sufficient, and when you wound up you had about four or five times what you expected.

Mr. McLEOD. That was certainly the case in our road work; yes, sir.

The CHAIRMAN. Right true to form. That is the way it has run all through.

Mr. McLEOD. But I wouldn't attempt today to undertake to build the entire contract at Camp Blanding as it exists today with any combination in Florida, because I certainly know I wouldn't be capable of handling a contract of that size.

Mr. FULTON. In your case it amounted to—

Mr. McLEOD (interposing). In my case General Hartman did me a favor.

Mr. FULTON. I understand that your total quantity of stone is somewhere around 600,000.

Mr. McLEOD. Six hundred and forty-five thousand tons.

Mr. FULTON. And as I understood you, on that arrangement you were providing equipment which was in part your own and in part rented.

Mr. McLEOD. We rented from 16 other people when the pressure became so great. Wolfe and I thought we would have sufficient equipment to build this 34 miles when we started out.

Mr. FULTON. You were planning on something less than one-third.

Mr. McLEOD. When the pressure came, "You must increase, you have got to build more"—putting the pressure on us—I spent day and night. I worked harder the first 3 months than I ever worked in my life, trying to find equipment somewhere in the country available. As a result, we rented equipment of every description that we could from 16 other owners than ourselves. Throughout we took the full responsibility for it, guaranteed that it would be returned to them in good shape, that the rentals that we collected would be identical to the rentals that would be paid to them. Every equipment man got the same rental that Wolfe and McLeod got. We went in there to do a job, to do it in a hurry and put this defense program over with every ounce that we could put forth. The discouraging part about this thing to me, what makes me very nervous at times, is when a fellow works his heart out and all he gets is cussing and investigation and frammin.¹

¹ Colloquial.—Ed.

Mr. FULTON. I didn't get the last word.

Mr. McLEOD. Well, just investigating and general cussing, and frammin around. I think I used the word "frammin."

Mr. FULTON. Oh, I see. Have you been subjected to that?

Mr. McLEOD. Well, the anticipation, I suppose, is worse than the actual fact, but I have been dreading this thing for a week, ever since I have been subpoenaed. I am not used to being——

The CHAIRMAN (interposing). You didn't have anything to cover, did you?

Mr. McLEOD. Not a thing in the world.

The CHAIRMAN. If you have done the job as it ought to be done, you have nothing to fear.

Mr. McLEOD. But when a newspaper spreads stuff and makes charges against you that you know are the biggest lies in the world, there is nothing you can do about it.

The CHAIRMAN. We are giving you that chance now. The very fact that you are here and having a chance to give your side of this tale is all the justification that you need. All you need to do is just tell the truth, and if you are in the clear, you don't need to worry.

Mr. McLEOD. I stick to the truth, I guarantee that. I may be a little nervous and say something.

The CHAIRMAN. That is all we want.

Mr. FULTON. As I understand it, then, in fact what you were furnishing to the Starrett Bros. Co. was your own organization.

Mr. McLEOD. Entire organization.

Mr. FULTON. And your equipment to do road work.

Mr. McLEOD. Yes, sir.

Mr. FULTON. And then in addition, the familiarity of your organization and that of Mr. Wolfe——

Mr. McLEOD (interposing). With that type of work.

Mr. FULTON. With that type of work and with the equipment that would be necessary to do it.

Mr. McLEOD. Yes, sir.

Mr. FULTON. And you say you scoured the country to get the equipment that would be needed?

Mr. McLEOD. Yes, sir.

Mr. FULTON. And in effect procured that for them.

Mr. McLEOD. Yes, sir.

Mr. FULTON. That would be part of the service you performed?

Mr. McLEOD. Yes, sir.

Mr. FULTON. Now, in addition to that, you actually supervised the use of that equipment in the transportation of the stone from the rail head to the place where it was to be placed on the road.

Mr. McLEOD. Yes, sir; and furnished the transportation.

Mr. FULTON. And then took care of placing it in the road.

Mr. McLEOD. Yes, sir.

Mr. FULTON. And did I understand you to say that you furnished supervising of the rolling and the other work that was done to make the road?

Mr. McLEOD. No, sir; they paid the personnel that operated the equipment which we rented to them to finish the roads with. We furnished the equipment and operators, the personnel and trucks, to un-

load, to handle, to haul, and to place it in the road. Our superintendent, or my superintendent, was the general superintendent of the roads, Mr. Paul Walker.

Mr. FULTON. You furnished the superintendent for the supervision of the road work?

Mr. McLEOD. Yes, sir.

Mr. FULTON. Well, in other words, would it be a true or false statement to say that in effect you took over the responsibility for assembling the equipment and getting the stone there and putting it on the roads?

Mr. McLEOD. I think that would be true. I took the responsibility, subject of course to the orders, when and what quantities, and so forth, but as the orders came out we took over responsibility to deliver it as and when they wanted it.

Mr. FULTON. So that in effect whether you term it a subcontract or otherwise, you really furnished this organization, the "know how" experience that has been referred to by others?

Mr. McLEOD. Yes, sir.

Mr. FULTON. In connection at least with the roads.

Mr. McLEOD. Yes, sir.

Mr. FULTON. And for that you naturally furnished your bids on materials and equipment on a basis such that you obtained or expected to obtain such profit as you would need to induce you to go into it.

Mr. McLEOD. Yes, sir. There is another thing I might add right there if you will permit. Our bid, as I read in the record and which you have, is based on this material being delivered from Starke, as I understood. So now the 16-foot road that you gentlemen probably saw—I don't know——

The CHAIRMAN (interposing). We drove over it yesterday.

Mr. McLEOD. It is 8 miles from Starke, and the railroad had to build the track facilities in Starke before we could get started. And we hauled approximately—I haven't checked the exact tonnage, but I think I gave some of the representatives a figure of 80,000 tons. But anyway, it is between seventy and eighty thousand tons that we hauled from Starke over the narrow road with these trucks, with the congestion and traffic that existed. We thought it was all going to be hauled from Starke on our price of \$2 per ton. We didn't know what the entire length of haul would be. Our bid read that we would deliver and dump it anywhere in the reservation that the plans called for. There weren't any profiles; we didn't know what the plans called for. We didn't know how much major grading there would be, or whether it would follow the contour of the ground. It turned out that there would be 2,000,000 yards of grading.

The CHAIRMAN. Two million yards of grading?

Mr. McLEOD. I would say roughly. I don't have accurate figures. That isn't a lot of grading on 12½ miles of road.

The CHAIRMAN. No; it isn't.

Mr. FULTON. And as I understood it, the Starrett Bros. & Eken fee had been on the basis of their furnishing the organization to do the entire job, including the roads. What I wish to determine is did you obtain your profit by receiving from them a part of their fee, or was your profit included in your bid to furnish the stone?

Mr. McLEOD. Our profit was figured—the Wolfe and McLeod profit was included in the price of rock delivered on the road.

Mr. FULTON. And in the rentals of your equipment.

Mr. McLEOD. And the rentals of the equipment, except that the rentals of equipment wasn't to accrue to the partnership of Wolfe and McLeod. Each individual owner got the rental for the equipment that he put in: L. B. McLeod put in so much and got rental for it; Wolfe put in so much and got rental for it; and the other 16 owners for their rent direct.

The CHAIRMAN. You didn't make any profit on the equipment rentals of other people?

Mr. McLEOD. No, sir. We did charge a 3-percent fee for invoicing, keeping the time, paying the mechanics, and maintaining a common shop there so that this equipment could be serviced efficiently and operated.

The CHAIRMAN. Did you make any profit on that 3 percent?

Mr. McLEOD. No, sir.

Mr. FULTON. Well, Mr. McLeod, at any rate, then, you received no part of the Starrett Bros. & Eken fee.

Mr. McLEOD. No, sir.

Mr. FULTON. And your profit as it came would come from furnishing the stone and the equipment.

Mr. McLEOD. Yes, sir.

Mr. FULTON. And to that extent, at any rate, when you were being paid for your organization and your experience—

Mr. McLEOD. (interposing). Yes, sir.

Mr. FULTON. You were being paid a fee, in effect, in the form of a profit on the stone, and Starrett Bros. did not in any way make any payment to you for that.

Mr. McLEOD. If I get your question correct.

Mr. FULTON. My question is simply this, that Starrett Bros. were hired to do the whole job—

Mr. McLEOD (interposing). Yes, sir.

Mr. FULTON. And were paid to do the whole job—

Mr. McLEOD (interposing). Yes, sir.

Mr. FULTON. In the computation of their fee—

Mr. McLEOD (interposing). Yes, sir.

Mr. FULTON. In effect, as far as the roads were concerned at any rate.

Mr. McLEOD. Yes, sir.

Mr. FULTON. They hired your organization to do it. Of course, they did not give you any part of their fee, but your profit—

Mr. McLEOD (interposing). Was in it.

Mr. FULTON. Was in the price of the stone.

Mr. McLEOD. Yes, sir.

Mr. FULTON. Now, as to that, I noted there that you stated one of the reasons you didn't include a bid on freight was that you assumed—I think very naturally—that the Government would avail itself of the land-grant Government rate, and would you tell us what you meant by that?

Mr. McLEOD. The land-grant rate from the nearest operating mine in Florida to the Camp Blanding camp site was 42 cents per ton; the commercial rate was 70 cents. So by using the land-grant rate, shipping on Government bills of lading, they would save 28 cents.

Mr. FULTON. And 28 cents on 640,000 tons, as the amount ultimately turned out to be, would be in the neighborhood of \$200,000. As I understand that, that is the difference between the rate which the Government is entitled to by reason of the land-grant rate and the rate which you, as a private individual, would have to pay to the railroad.

Mr. McLEOD. Yes, sir.

Mr. FULTON. Actually, was that \$200,000 saved or did they pay—

Mr. McLEOD (interposing). They paid the commercial rate. That is my understanding, but, of course, I don't know because I don't know. I am sure the ruling came from Washington that they must pay the commercial rate.

Mr. FULTON. So they paid the 70-cent rate.

Mr. McLEOD. In effect it was not Government property, I think, until the Government took it over. Maybe it was in the camp, or something.

Mr. FULTON. That was my understanding, but now why?

The CHAIRMAN. The Government had taken title in the quarry.

Mr. McLEOD. We shipped it to the constructing quartermaster at the quarry, Major Larson, and he said, "The Government takes possession of this at your quarry; ship it to the constructing quartermaster at Camp Blanding." And we did that for probably the first 2 months, and in order to get up to meet the speed, we had five rock plants running at once—two from Ocala, which had a little higher land-grant rate, probably 50 cents or such matter, but they agreed to meet the low 42-cent rate and so gave the Army a letter to that effect. When the commercial rate came in, we were notified that there would be a commercial rate and that the two plants from Ocala, having a higher freight rate, couldn't ship any more rock.

The CHAIRMAN. What was the reason that they didn't avail themselves of that rate?

Mr. McLEOD. That I couldn't say.

The CHAIRMAN. That rule was made from Washington?

Mr. McLEOD. I couldn't say.

Mr. FULTON. As far as you were concerned, you were willing to cooperate for the purpose of having title change hands at the quarry?

Mr. McLEOD. Yes, sir.

Mr. FULTON. So that it wasn't due to anything on your part that the Government paid the \$200,000 extra for that freight rate.

Mr. McLEOD. Definitely not, sir.

Mr. FULTON. Now with respect to the quarrying, as I understood it, you said that you quarried only part of the rock and that the rest was bought privately.

Mr. McLEOD. There were 645,000 tons shipped into Camp Blanding. The quarry which my corporation owns shipped 291,000 tons of this 645,000.

Mr. FULTON. And as I understood it, you were buying this rock at 90 cents a ton.

Mr. McLEOD. Ninety cents a ton.

Mr. FULTON. At the quarry.

Mr. McLEOD. Yes, sir; paid 90 cents per ton.

Mr. FULTON. That had been generally the price which you had charged yourself; was it not?

Mr. McLEOD. Yes, sir.

Mr. FULTON. And on which you based your own estimate.

Mr. McLEOD. Yes, sir.

Mr. FULTON. How much did it cost you to quarry a ton of this rock?

Mr. McLEOD. This Blanding rock? My profit on the Blanding rock; is that what you want?

Mr. FULTON. No; your quarry cost. I mean the cost of the quarrying operation. I understood it was about 45 cents a ton.

Mr. McLEOD. It was in the neighborhood of that; yes, sir.

Mr. FULTON. And then of course that would include no value for the quarry—and the quarry has value—and the depletion of the rock ought to be added to that; should it not?

Mr. McLEOD. I should think it would be fair to add it; yes, sir.

Mr. FULTON. How much per ton do you figure on the depletion of a quarry such as that one?

Mr. McLEOD. I would say approximately 5 cents a ton.

Mr. FULTON. So that as far as the 90 cents was concerned, as I understood it, you sold—the McLeod Construction Co. sold—to the McLeod and Wolfe partnership—

Mr. McLEOD (interposing). Yes, sir.

Mr. FULTON. Rock at 90 cents a ton, the same price that it was being obtained by all the other persons who were selling rock.

Mr. McLEOD. Yes, sir.

Mr. FULTON. On that, that would mean that your company, the McLeod Co., would make a profit of about 40 cents a ton; would it not?

Mr. McLEOD. No, sir; the direct profit was 38.7 cents per ton.

Mr. FULTON. Thirty-eight point seven—

Mr. McLEOD (interposing). Of which the Government will get 23.3 cents per ton, and I will get 17.4.

Mr. FULTON. How do you figure that?

Mr. McLEOD. In taxes.

Mr. FULTON. Of course, all businessmen have taxes.

Mr. McLEOD. I beg your pardon?

Mr. FULTON. Of course, all businessmen have taxes.

Mr. McLEOD. Certainly.

Mr. FULTON. Including those who don't have defense contracts.

Mr. McLEOD. Yes, sir.

Mr. FULTON. That 38 cents a ton on 295,000 tons would be somewhere in the neighborhood of \$100,000 to the McLeod Co. on the rock alone; would it not?

Mr. McLEOD. \$115,148.89, to be exact.

Mr. FULTON. Yes.

Mr. McLEOD. Of which the Government will get \$63,331.89, and we will get \$51,817 net profit.

Mr. FULTON. You mean the Government will always get its taxes.

Mr. McLEOD. Yes, sir.

Mr. FULTON. Now with respect to the McLeod and Wolfe joint adventure, in addition to the profit that you make the partnership would make a profit on its operations.

Mr. McLEOD. Yes, sir.

Mr. FULTON. In furnishing the stone.

Mr. McLEOD. Yes, sir.

Mr. FULTON. Could you tell me how much that was?

Mr. McLEOD. I could tell you what my half would be, and it would be double that. The net profit—not the net profit, but the tentative profit—to the Wolfe and McLeod partnership would be to L. B. McLeod Construction Co., \$139,615.72.

Mr. FULTON. So the profit for the partnership would be double that, or approximately \$280,000.

Mr. McLEOD. Prior to the payment of taxes, which would run approximately \$162,000. If you will permit me——

Mr. FULTON (interposing). Certainly.

Mr. McLEOD. The net profit to L. B. McLeod on the Blanding operations will be \$59,057.44. That is tentative, of course; it may vary.

Mr. FULTON. You are talking about after taxes; is that right?

Mr. McLEOD. Yes, sir; after taxes. On the machinery rentals of L. B. McLeod Construction Co. in connection with the Blanding operation, the profit would be \$7,965.71.

Mr. FULTON. Was the profit on that machinery rental computed in your books?

Mr. McLEOD. Yes, sir.

Mr. FULTON. And was that after taxes or before?

Mr. McLEOD. After taxes.

Mr. FULTON. What was the profit on the machinery rental before taxes?

Mr. McLEOD. To L. B. McLeod it was \$17,701.58, taxes \$9,735.87, net \$7,965.71. On the rock plant the tentative profit is \$115,148.89, tentative taxes \$63,331.89, with a net of \$51,817, or a gross of \$118,840.15, of which the L. B. McLeod Construction Co. invested \$91,549.76 in new equipment to put on the Blanding work in order to put the job through. Two-thirds of this equipment I don't now need.

Mr. FULTON. And with respect to the \$280,000 McLeod and Wolfe profit, that was reached after deducting all of your overhead and administrative expenses?

Mr. McLEOD. That I can't say because I would have to call on the auditor, who I think is in the audience, about the statement.

Mr. FULTON. Would you have him add to that, if necessary? Perhaps he would come up and answer a couple of questions on that.

The CHAIRMAN. Mr. Griffith, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mr. GRIFFITH. I do.

TESTIMONY OF R. C. GRIFFITH, AUDITOR FOR THE WOLFE-McLEOD SYNDICATE AND FOR H. E. WOLFE CONSTRUCTION CO.

The CHAIRMAN. Give your name and connections to the reporter.

Mr. GRIFFITH. R. C. Griffith, auditor for the Wolfe-McLeod Syndicate and for H. E. Wolfe Construction Co.

Mr. FULTON. I understand you are the auditor for the McLeod Construction Co.

Mr. GRIFFITH. No.

Mr. FULTON. For the joint enterprise of McLeod and Wolfe?

Mr. GRIFFITH. Yes, sir; that is right, and for Mr. Wolfe of the Wolfe Construction Co.

Mr. FULTON. I see. Then you would be able to speak only with respect to the \$280,000 joint enterprise profit, and not with respect to the machinery-rental profit or the quarry profit of the McLeod property.

Mr. GRIFFITH. That is right.

Mr. FULTON. Now, in obtaining that figure of \$280,000, do you have any reserves set up which are not included in that figure for depreciation, overhead, and other expense?

Mr. GRIFFITH. The only reserve is an item of \$1,331.78, depreciation taken on equipment that was bought—shop equipment that was bought expressly for the purpose of going on the project.

Mr. FULTON. What items are deducted from the total amount obtained by McLeod and Wolfe before you have the balance of \$280,000 left? In other words, what did you deduct as expenses?

Mr. GRIFFITH. As expenses and cost of material both, there was deducted—or I should say first what the gross revenue was.

Mr. FULTON. Yes.

Mr. GRIFFITH. I believe that would be the start. The gross revenues, not only of sales to the general contractor, but including service charges that he spoke of awhile ago, the 3 percent, \$1,711,749.60. That is the gross revenue. That does not include freight. That didn't pass through the partnership or syndicate books. From that was deducted cost and expenses, \$1,432,516.15, which leaves a profit before taxes of \$279,231.45.

Mr. FULTON. What I had in mind is, Do those cost and expenses include all of the cost and expenses, such as administration, office rent?

Mr. GRIFFITH. That is correct, except some that are now still going on; in other words, what they refer to as the clean-up cost after coming off a project. There are certain things that have to be done in winding up the job, and that is still going on.

Mr. McLEOD. In other words, the equipment hadn't been cleared through the auditor's office. When the records are cleared up, we are paid for the equipment that they recapture.

Mr. FULTON. Have you any way of estimating that?

Mr. McLEOD. In dollars and cents how much equipment will they capture?

Mr. FULTON. Not equipment that would be recaptured, but how much additional expense would be incurred by reason of running your office for 2 weeks or months, until you could get this wound up?

Mr. McLEOD. It shouldn't amount to any appreciable sum.

Mr. FULTON. Then I take it that the figures that have been given by you, Mr. McLeod, would be in effect the net figures, except that they do not provide for taxes.

Mr. McLEOD. Is that figure of \$280,000 that you are using correct?

Mr. GRIFFITH. I think that is the round figure. The actual figure is \$279,231.45, which I just gave the reporter. That is correct.

Mr. FULTON. So it would appear, Mr. McLeod, that before taxes, your share, without that of Mr. Wolfe, would be approximately \$270,000.

Mr. McLEOD. Before taxes, it would be \$272,466.19, including Wolfe's machinery rentals and my profit on the rock before taxes.

Mr. FULTON. And, of course, Mr. Wolfe's amount, Mr. Griffith, would be \$140,000 plus whatever his machinery rentals were. Do you know what his profits on machinery rentals were?

Mr. GRIFFITH. I can't say what his net profit would be. I can say what his gross rentals received were.

Mr. FULTON. Well, I would assume that he naturally would have expenses on that that would have to be deducted.

Mr. GRIFFITH. Yes, sir.

Mr. FULTON. What was his gross?

Mr. GRIFFITH. \$116,723.10.

Mr. FULTON. And, Mr. McLeod, what was the ratio of your profit to your gross? As I understood you, it was a \$17,000 profit.

Mr. McLEOD. My gross was—what was my gross?

The CHAIRMAN. Your machinery rental gross was \$17,000, wasn't it?

Mr. McLEOD. Well, the machinery rental was approximately \$58,000—

Mr. GRIFFITH (interposing). I have those figures, if you don't mind.

Mr. FULTON. I just wanted to get a rough ratio. So in your case your profit was something over a fourth of the total gross of your machinery rentals.

Mr. McLEOD. Yes, sir.

Mr. FULTON. And if you apply the same very rough ratio to Mr. Wolfe's, his profit would be somewhere in the neighborhood of twenty-five to thirty thousand, would it not, Mr. Griffith?

Mr. GRIFFITH. That would be an approximation.

Mr. FULTON. Then using the lower of the two figures, 25,000, you get a total profit of the organization, before taxes, of about \$437,000, would you not?

Mr. GRIFFITH. No, sir.

Mr. FULTON. \$272,000 for Mr. McLeod's total, \$140,000 for the joint adventure, being Mr. Wolfe's share—

Mr. GRIFFITH (interposing). Pardon me, I believe that figure he gave included his share of the joint venture.

Mr. FULTON. That is right. That is why I only added Mr. Wolfe's share, which would be \$140,000, and then \$25,000 being the lower of the two figures on the machinery rental, it is a total of about \$437,000.

Mr. McLEOD. I will be honest with you, I am not very much on this figuring, but—

Mr. FULTON (interposing). Would you put it down and add them up to see whether you would agree with that, \$272,000 being the total McLeod profit on everything before taxes, and then \$140,000 being the Wolfe share.

Mr. McLEOD. \$437,466.

Mr. FULTON. Yes.

Mr. McLEOD. Correct.

Mr. FULTON. That being so, Mr. McLeod, I think you are probably correct in stating that you think General Hartman did you a favor, because you made more on the road profit, considerably more, than the Starrett Bros.' entire fee of two hundred and fifty or sixty thousand dollars for the entire project, isn't that true?

Mr. McLEOD. I should think so, yes, sir; if that is the fee that Starrett Bros. get.

Mr. FULTON. And if I understood you, you said that they had done you a favor by not giving you the entire project.

Mr. McLEOD. That isn't the reason; no, sir. I said he did me a favor by not having me qualify for the full work.

Mr. FULTON. At any rate, the full-work profit that you made is considerably in excess of 50 per cent more than the entire fee for the entire camp originally.

Mr. McLEOD. I didn't know what the fee was for the camp, sir.

Mr. FULTON. Well, the fee as originally planned was \$268,290, which is several thousand dollars less than your share, without Mr. Wolfe's.

Mr. McLEOD. That was on the \$9,000,000 basis——

Mr. FULTON (interposing). That is right.

Mr. McLEOD. Or on the \$30,000,000?

Mr. FULTON. On \$9,000,000.

Mr. McLEOD. Yes, sir.

Mr. FULTON. What was your gross for furnishing this stone? I think you told me it was something over \$1,000,000.

Mr. McLEOD. You have that figure.

Mr. FULTON. What was the gross for furnishing the stone?

Mr. GRIFFITH. \$1,145,793.48.

Mr. FULTON. So you, Mr. McLeod, got \$270,000 of that \$1,000,000 figure, as against the originally contemplated \$268,000 on the \$9,000,000 figure for the Starrett Bros.

Mr. McLEOD. I assume you are correct there, sir.

Mr. GRIFFITH. Let me correct one thing there. I don't know whether it was clear or not. This is the total sales of limerock, not just the rock that came from Mr. McLeod's quarry.

Mr. FULTON. I understood that. It is the total amount.

Mr. GRIFFITH. That is correct.

Mr. FULTON. So it would be the highest gross figure that you have and therefore the one that should be compared to the \$9,000,000 original estimate on which the Starrett Bros.' fee was computed.

Mr. GRIFFITH. Not just the limerock, you see, there were other items. The gross here is what I gave the reporter awhile ago, \$1,711,749.60.

Mr. FULTON. But what I had in mind is this: If Starrett Bros. had furnished organization, which I understood they were planning to furnish, or at least had informed the Government they would furnish, and equipment of the type which you furnished—I am not questioning your profits—they would have saved the Government the amount of the profits.

Mr. McLEOD. Should they have been able to furnish that type of organization and that type of personnel, I would say yes.

The CHAIRMAN. That is all, Mr. McLeod. Thank you very much.

Mr. FULTON. Mr. Griffith might be needed later, I think.

The CHAIRMAN. We will have Mr. Wolfe on a little later.

Mr. GRIFFITH. I will be available if there are any further things I can give you.

The CHAIRMAN. The committee will take a 10-minute recess, after which we will hear Mr. McKenzie and then Mr. Wolfe.

(Whereupon, the committee took a 10-minute recess at 10:30 a. m.)

The CHAIRMAN. The committee will come to order.

• Mr. McKENZIE, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mr. McKENZIE. I do.

TESTIMONY OF H. W. McKENZIE, FORMERLY OF STARRETT BROS. & EKEN, DEARBORN, MICH.

The CHAIRMAN. Be seated, Mr. McKENZIE, and give your name and connections with this project to the reporter, please.

Mr. McKENZIE. H. W. McKENZIE, of Dearborn, Mich., hired by Starrett Bros. & Eken as superintendent of drainage and grading January 6, 1941, at which time I started to work for them at Camp Blanding.

The CHAIRMAN. When was it you started to work for them?

Mr. McKENZIE. January 6.

The CHAIRMAN. How long did you stay there?

Mr. McKENZIE. Eight weeks.

Senator BREWSTER. What were the conditions which you found when you got there, Mr. McKENZIE?

Mr. McKENZIE. In general, Senator?

Senator BREWSTER. Yes.

Mr. McKENZIE. Rainy conditions as to weather, congested conditions as to workmen coming to and from the project, reactionary conditions in the personnel of quartermaster and contractor and engineer-architect because of recent change in constructing quartermaster and new orders to new constructing quartermaster placed on the work.

Senator BREWSTER. What had been your previous experience in construction, Mr. McKENZIE?

Mr. McKENZIE. Previous to the war 2 years and during last war in shell departments, as a subcontract employee as a rigger Bethlehem Steel Co. on shells, and as a rigger during the war, observation work, construction of two prison camps and partial construction of a convalescent camp in France near Bordeaux as a sergeant; road work, general bridge work after the war, superintendent of State construction in the State of Michigan.

Senator BREWSTER. That was State highway?

Mr. McKENZIE. That was State highway department, where we used inmate labor, necessitating construction of camps throughout the State. The next 11 years construction involving perhaps 300 miles of grading, drainage, concrete, viaduct, general construction work as a contractor; 1932, 1933, representing American Cyanamid Co. on sewage-treatment equipment, development and building of sewage-treatment plant; president of the McKenzie Co. since; have completed more than \$5,000,000 worth of work in the State of Michigan, the Skyline Drive in Virginia, and 6 miles on the turnpike recently completed in Pennsylvania—just finished the Pennsylvania project late last year.

Senator BREWSTER. And you were then employed by Starrett Bros. for the—

Mr. McKENZIE (interposing). January 6 this year.

Senator BREWSTER. And that was specifically concerned with the drainage problem?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. Was any reason given when your services with the Government were terminated?

Mr. McKENZIE. Because I had a brother-in-law, Maj. M. W. Cochran, who was in the Quartermaster Corps Reserve, who had been sent to Camp Blanding on Christmas Day or thereabouts to assist in the reorganization of the quartermaster personnel at that camp.

Senator BREWSTER. How long did he stay there?

Mr. McKENZIE. Christmas—Major Rundell can answer that. He was there after I left.

Senator BREWSTER. He was still there when you left?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. Was there any charge at any time that that had affected your work?

Mr. McKENZIE. Only in the wire, sir.

Senator BREWSTER. Were you given any letter regarding your services there?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. Will you put that in the file?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. You may do that afterwards. That is all, just leave it for the records so it will go in there. That was a letter from whom?

Mr. McKENZIE. Major Rundell.

Senator BREWSTER. Stating that your services had been satisfactory?

Mr. McKENZIE. Yes, sir; also a letter from Harry Stellmann, my immediate superior, the project manager.

(The documents referred to were marked "Exhibits Nos. 60, 61, and 62" and are included in the appendix on p. 1254.)

Senator BREWSTER. Coming back to the conditions as you found them, what steps did you take to remedy the conditions so far as the work under your charge was concerned?

Mr. McKENZIE. General observation of the camp site in clothes that I did not think would be noticed—personal observation, I am trying to say, brought me to the conclusion soon that I could not be of a great deal of help in the attempt at reorganization unless I was given considerable authority, due to the very many ramifications that seemed to be in force at that time, namely, the new quartermaster, the rainy condition paramount at the camp, the fact that one division had already arrived and had been housed, and a new order of things seeming to be needed to prepare for the arrival of another division.

Senator BREWSTER. Had there been someone occupying the position which you took prior to your arrival?

Mr. McKENZIE. That I do not know.

Senator BREWSTER. Major Rundell had been there only a short time when you came?

Mr. McKENZIE. I think he advised that he went there December 20.

DRAINAGE PROBLEM AT CAMP BLANDING

Senator BREWSTER. How was the drainage problem being handled at the time of your arrival?

Mr. McKENZIE. It wasn't being handled. That was the advent and why I was employed.

Senator BREWSTER. What was the condition as to the men checking in?

Mr. McKENZIE. Men were coming from Jacksonville, Starke, and surrounding areas. To arrive for work, usually they had to start out 3 to 3½ hours prior to going to work to get into the camp because of its inaccessibility.

Senator BREWSTER. What time were they supposed to report?

Mr. McKENZIE. Eight o'clock.

Senator BREWSTER. And what was the condition as to getting them on the job?

Mr. McKENZIE. Each group knew the location of their work. A traffic count showed, I think, 10,800 cars entering the gates in the morning.

Senator BREWSTER. Would those all get through before 8 o'clock?

Mr. McKENZIE. Well, 8:15; yes, sir. They started early enough to get on to the work in the various locations unless the locations were being removed. I know it was suggested that the crews be alternated in their starting time in order to help alleviate that condition.

Senator BREWSTER. So that there wouldn't be confusion at the entrance gates?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. Was that in force when you arrived there?

Mr. McKENZIE. That was developed after my arrival.

Senator BREWSTER. I have a chart here entitled "Summary of weekly pay roll and progress" which I would like you to examine. Are you familiar with that chart?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. Where was that made up?

Mr. McKENZIE. This was made up in the office of Solomon & Keis.

Senator BREWSTER. The engineers?

Mr. McKENZIE. The engineers.

Senator BREWSTER. You may mark that as an exhibit, and then you may hold that for a minute, Mr. McKenzie.

(The chart referred to was marked "Exhibit No. 63" and is included in the appendix on p. 1255.)

Senator BREWSTER. What does that show as to the progress of the work as you interpret it?

Mr. McKENZIE. The chart is the progress chart, showing the outline of the expenditures made in pay roll, the theoretical progress for completion for the Second Division troop arrival, and the actual pay roll as charted each week, and the progress as charted each week. Job began September 18. Pay rolls and labor employees were recruited until a peak was reached December 11, at which time the total pay roll would be in the neighborhood of \$840,000, and the progress would be 29 percent. The theoretical progress should have been 37 percent. A very large dip in employment figures, in pay-roll figures, during the Christmas and New Year week, a fall of production, and a subsequent rise of pay rolls to a peak in January 8, of \$790,000. Pay rolls diminished from that date to the week of January 22, when painters were added amounting to \$50,000 pay roll a week, and after the January 29 week, pay

rolls diminished to February 5, when the pay roll was \$325,000. Progress crossed the theoretical progress schedule and was then 97 percent complete, with a total expenditure of \$11,280,000 pay roll for 93 percent completion of the work, and on that date or thereabouts, the Forty-third Division arrived and were taken care of.

Senator BREWSTER. What conclusions would one draw from that summary?

Mr. McKENZIE. That the effort by the Quartermaster Department in Washington was a success in its order to curtail, if possible, the expense of Blanding and to increase, if possible, the production or progress of the work at Blanding.

Senator BREWSTER. That from December on, the pay rolls were apparently much more productive; is that correct?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. That for a given amount of money, the results corresponded much more closely to the progress that was supposed to be achieved?

Mr. McKENZIE. Yes, sir. It would be expected that after the organization and growing pains were accomplished, better workmanship would develop and more work would be accomplished, and the fact that on January 17, I believe, we had our last serious rain.

Senator BREWSTER. And what did you find as to the stone and concrete?

Mr. McKENZIE. The progress of the road, as I have stated in a letter report, was to me amazing in the speed with which it was being carried out. My work did not conflict with the building of the roads. I was given support by the road organization and authority by Mr. Stellmann previously to attempt a tie-in between the field forces on utilities to accomplish the intent of more production for less amount of money; and in so doing, the road organization, with their available equipment and personnel, became subject to my express wishes.

Senator BREWSTER. You mean that you had authority as far as they were concerned?

Mr. McKENZIE. To suggest; yes, sir.

Senator BREWSTER. And what steps, if any, did you take regarding the use of rock?

Mr. McKENZIE. The use of rock being one of the noticeable expenditures, we made inquiry and survey as to the desirability of decreasing the amount of parking areas, with the idea in mind of decreasing the rock expenditure and the grading necessary for it in the seven regimental areas. It was suggested and carried out that instead of a 200-foot parking area, 100 feet would suffice. We had the joint counsel and the advice of the post commander, Colonel Kelley; Major Rundell, the quartermaster; Major Cochran, who was acting as adviser; the engineers, Solomon and Keis, before Mr. Stellmann ordered the work curtailed.

Senator BREWSTER. And as a result of that policy, did that reduce the requirements for rock?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. Very materially?

Mr. McKENZIE. When my services were terminated there remained some 600,000 square yards of motor parkway area to be completed that had been left to complete with either limerock or not at all or with some cheaper method, if cheaper method could be found. As

an example only, bids were received during the early part of February on the stabilization method of supplying this motor parkway, and the low bid, I believe, was 65 cents a square yard. The bids were not to my knowledge developed any further, and nothing has been done any further.

Senator BREWSTER. How would that compare with the cost of the other method?

Mr. McKENZIE. Limerock, with its full thickness, would run from \$1.10 to \$1.17.

Senator BREWSTER. And how many yards did you say were left when you left?

Mr. McKENZIE. Six hundred thousand.

Senator BREWSTER. So that there was a difference of approximately 70 cents.

Mr. McKENZIE. I would rather say 30 cents.

Senator BREWSTER. Thirty cents?

Mr. McKENZIE. Yes, sir; the difference between 65 cents with its attendant grading and \$1.10 with its attendant grading, or, say, 40 cents if you care to.

Senator BREWSTER. To be exact, I guess it would be—

Mr. McKENZIE (interposing). Forty cents.

Senator BREWSTER. Forty-five cents.

Mr. McKENZIE. All right; a little more grading was necessary for stabilization in that the grading is used in the stabilization method, and I think the estimate of 5 cents there was to allow for that; 5 cents a square yard or a recommended saving of 40 cents a square yard was being discussed at that time.

Senator BREWSTER. And were you recognized as one of the exponents of the more economical construction?

Mr. McKENZIE. Am I recognized?

Senator BREWSTER. Were you at that time?

Mr. McKENZIE. I was given every courtesy and consideration, and the work was curtailed to leave room for that development if it was approved.

Senator BREWSTER. It was pretty thoroughly understood that that was one matter with which you were more or less identified?

Mr. McKENZIE. I had made recommendation for some sort of replacement; yes, sir.

Senator BREWSTER. That would have been a difference of approximately \$300,000 on the remaining work.

Mr. McKENZIE. Your arithmetic is like mine: 6 times 4,240.

Senator BREWSTER. It was your idea that from your highway-construction experience, that would be equally serviceable for the requirements of this camp.

Mr. McKENZIE. For the parking areas; yes, sir; but not for the main road.

Senator BREWSTER. Not for the roadway?

Mr. McKENZIE. That is right.

Senator BREWSTER. That is, just for the parking area?

Mr. McKENZIE. That is right, sir.

Senator BREWSTER. In the period which you served, did the organization of the project improve so far as your observation went?

Mr. McKENZIE. Considerably.

Senator BREWSTER. From an organization standpoint, what would you say was the difficulty at the time you arrived? What was the difficulty with the organization?

Mr. McKENZIE. I believe I express that in the word "coordination" of the conditions prevailing at that time, and a lack of definite working plans with which to augment or inaugurate a construction procedure.

Senator BREWSTER. How would you put the responsibility in that connection as between the Government and the Starrett organization?

Mr. McKENZIE. The Starrett organization could not in any way be held responsible for not being organized for work that they did not know they had to complete.

Senator BREWSTER. You mean at the time you arrived, there were not working plans even at that time?

Mr. McKENZIE. Correct, sir.

Senator BREWSTER. That was 4 months after the job started.

Mr. McKENZIE. That is right.

Senator BREWSTER. Would that be attributable to the Quartermaster Corps or to the engineer-architect?

Mr. McKENZIE. I would rather say that that would be attributed to general conditions prevailing throughout the country with so much work—

The CHAIRMAN. The engineer-architect was supposed to work out some sort of plan, wasn't he?

Mr. McKENZIE. Going on, and the engineer-architect's lack of ability to procure sufficient help to get sufficient plans made.

Senator BREWSTER. They understood back in September that a camp was to be required on this spot for approximately forty to fifty thousand men, and they were given a contract for quite a substantial fee to provide those plans. What, if any, reason was there, to your knowledge, why they had not been developed by that time?

Mr. McKENZIE. One of the things that concern me most in the attempt to coordinate was the lack of plans. That was remedied in part by the building of additional space and the advertising for additional help for the architect-engineer; also a plea to the quartermaster to make decisions as to what should be done 5 days ahead rather than what should be done today. In other words, with the general conditions prevailing, it was hard to get directives and authorities through in time to keep up with the schedule of production that we had set out to accomplish to meet troop-arrival dates.

Senator BREWSTER. Wasn't there a somewhat unusual problem on the drainage by reason of the topography of that camp?

Mr. McKENZIE. Considerably.

Senator BREWSTER. Wasn't that creating much trouble at the time you arrived?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. And didn't it require much more radical treatment than had earlier been contemplated?

Mr. McKENZIE. I think the expenditure that was allowed was in the neighborhood of \$300,000.

Senator BREWSTER. What do you mean by that?

Mr. McKENZIE. For drainage.

Senator BREWSTER. That was the original estimate?

Mr. McKENZIE. No; after January 6.

Senator BREWSTER. Additional?

Mr. McKENZIE. Yes.

Senator BREWSTER. Do you know what the original figure was for drainage?

Mr. McKENZIE. The water and sewer, with no figure for drainage, amounted to, roughly \$1,000,000.

Senator BREWSTER. And what did it finally come to cost, so far as your knowledge goes?

Mr. McKENZIE. Water, sewer, and drainage, more than three and a half million dollars.

Senator BREWSTER. More than three and a half.

Mr. McKENZIE. Water, sewer, and drainage.

Senator BREWSTER. And originally estimated at one million?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. And to what extent was that attributable to the unusual topography?

Mr. McKENZIE. The drainage areas themselves where the camps were located had to be drained in some manner, open ditches or with tile, in some instances both. There was an opinion, after study, that we would dig open ditches and install 6- and 8-inch drain tile in the tent area in the area where the troops were. That necessitated removing of some tents and the hauling in of fill. While we were moving them, we were to raise them up, sometimes as much as 2 feet. And the installation of tile running into the open ditches provided the drain, as you saw yesterday.

Senator BREWSTER. How far was the level of some of the camp below the level of the lake?

Mr. McKENZIE. The topography shows 24 feet.

Senator BREWSTER. And what percentage of the area was in that condition?

Mr. McKENZIE. Seventeen percent.

Senator BREWSTER. Was the method of handling this changed after you came there?

Mr. McKENZIE. There was no drainage other than open ditches, and few of them when I arrived, and it was because of that condition that I was sent for to try and help make recommendations or to accomplish the drainage of that area.

Senator BREWSTER. Because you had had experience in that field?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. You hadn't been previously associated with Starrett Bros.?

Mr. McKENZIE. No, sir.

Senator BREWSTER. Was there any representative of Starrett Bros. there who had dealt with this particular problem when you arrived?

Mr. McKENZIE. The drainage, sewer, and water were being handled by Paul Howard and McClelland, but there was no authority even for drainage; there was no one looking after drainage specifically.

Senator BREWSTER. They were Starrett Bros.' men?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. Who had been put on the Government pay-roll?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. In the construction of a camp of this character, was the drainage expense out of the ordinary in connection with this in percentage to the cost?

Mr. McKENZIE. That, of course, would have to be in a comparative way before an answer could be made definitely, and I would suggest that the definite figures be used to answer your question, and whether it is a comparative figure or not, I don't know. It depends on another location that might be worse.

Senator BREWSTER. Well, I was just asking as to general experience. This would run around, apparently, 12 percent or so of the cost, figuring a twenty-five to twenty-six million dollar cost.

Mr. McKENZIE. In my opinion and experience, even 10 percent of the cost of a like project is a high expenditure for drainage. I should like to suggest perhaps 3.

Senator BREWSTER. Three percent?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. You think that would be more nearly normal?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. And that difference would be attributable in part to the topography?

Mr. McKENZIE. Definitely.

Senator BREWSTER. And in part to the ineffective way in which this had been handled?

Mr. McKENZIE. Well, it hadn't been handled.

Senator BREWSTER. It hadn't been handled at all. And in part to the weather conditions, which I understand were not favorable.

Mr. McKENZIE. Very unfavorable at that time.

Senator BREWSTER. Those are all facts?

Mr. McKENZIE. Yes, sir. A contributing factor, too, is perhaps summed up in perhaps the location of the area in which the troops were placed.

Senator BREWSTER. Did you find anything in the records to indicate that there had been surveys which would have indicated the difficulties that developed so far as drainage is concerned?

Mr. McKENZIE. No, sir.

Senator BREWSTER. Nothing to show that any engineers had studied that problem and realized what they were up against?

Mr. McKENZIE. They had nothing in the record.

The CHAIRMAN. What were the engineer-architects doing all these 4 months?

Mr. McKENZIE. Sir?

The CHAIRMAN. What were the engineer-architects doing all these four months that they were not trying to find out whether they needed drainage or not?

Mr. McKENZIE. I must qualify my answer to Senator Brewster. Whether or not it was in the record, I do not know. I did not have an available record. That is my answer.

To you, what were they doing regarding drainage, I believe they must have had realization of their necessity, and whether or not plans were submitted and allowed or approved, I do not know. I did not find anything but activity on the part of the engineers and their forces, however, at any time.

Senator BREWSTER. Were there some changes in location of various units after you came, to take advantage of the terrain?

Mr. McKENZIE. Yes, sir.

Senator BREWSTER. And whereas before that time the units had been located apparently without regard to the terrain—

Mr. McKENZIE (interposing). Every consideration was given after the formation of a factual committee, if you will—every consideration was given then to expedite the work and to curtail the expense of the work. One of the considerations that came up for discussion among all the people concerned was the fact that by relocating certain areas, we would be able to accomplish the work cheaper and faster. Therefore, direct consideration was given to a change of two distinct areas with the idea in mind of being a better location than the one previously approved by the quartermaster.

Senator BREWSTER. Did you have any discussions with McLeod or Wolfe regarding the use of rock there?

Mr. McKENZIE. The use of rock. Their representative, Paul Walker, worked with me very closely. Mr. McLeod and Mr. Wolfe have visited the camp periodically. Sometimes I saw them and sometimes I did not. Their attitude was always one of cooperation in anything we were attempting to do.

Senator BREWSTER. Even to the elimination of limerock as a material?

Mr. McKENZIE. They volunteered that it was a good thing. Mr. McLeod himself said that he was glad to be of service and said that the fact that so much road had been built there was beyond anything that he had ever dreamed could be accomplished in so short a time, and certainly it was not a hardship to them to cooperate by the reduction of the parking areas.

Mr. COOKE.¹ Senator, may I ask a few questions of Mr. McKenzie before you terminate with him?

The CHAIRMAN. Yes; you can ask him some questions.

Mr. COOKE. Thank you, sir.

Mr. McKenzie, I am going backward through your testimony. You spoke first as to changes in the location of units after your arrival. Did you order or recommend these changes, or were these ordered by Major Rundell, the new constructing quartermaster, and his adviser, Major Cochran, and Colonel Kelley?

Mr. McKENZIE. In any discussion about location, Colonel Kelley was our chief adviser. The orders would come through Major Rundell, and in the location of this area over here [indicating], we hollered a little bit about that and asked for reconsideration, moving that over here [indicating]; also moving the G-2 section.

Mr. FULTON. Would you designate not by "moving from here to here," because that won't appear in the record, and would you tell why you moved it from one to the other?

The CHAIRMAN. Isn't Major Rundell the best authority on this in the first place? I think we are just wasting time on this. We will let the major testify.

Mr. COOKE. I will leave that question. I would like to ask one more question, if I may.

The CHAIRMAN. All right, fire away.

Mr. COOKE. I show you copy of a letter from the Asphalt Institute, dated April 25, 1941, concerning the use of asphalt services for park-

¹ A. Goodwin Cooke, office of the Under Secretary of War.

ing areas, and ask you if you will read the first paragraph. Will you read it aloud?

Mr. McKENZIE (reading from Exhibit No. 64) :

The present defense program calls for large parking areas for the storage of heavy motorized ground equipment and airplanes. The locations of some of these projects are in the Southeast, where sand-asphalt construction has been used very successfully and extensively for highways. This is excellent construction for moving traffic, but due to its rutting under standing traffic, it is not suitable for parking areas where "dead" storage is contemplated for heavy trucks, tanks, and airplanes. Members of our engineering staff express the opinion that even high-type sheet asphalt, such as used on heavy-duty streets, would not be satisfactory for this service.

This is a letter from the Asphalt Institute, Forty-third and Second Avenue, and it appears to be a general information letter, No. 379, and that is the first paragraph only.

Mr. COOKE. May I submit the whole letter for the record?

The CHAIRMAN. It will be put in the record.

(The letter referred to was marked "Exhibit No. 64" and is included in the appendix on p. 1256.)

Mr. COOKE. Mr. McKenzie, you spoke of the drainage problem not being handled when you got there. Will you state exactly what you meant by that? Were there no ditches dug at all?

Mr. McKENZIE. The outlet ditches were not adequate to take care of the drainage of the water standing on the surface in very many places.

Mr. COOKE. There were drainage ditches dug?

Mr. McKENZIE. Yes, sir; two.

Mr. COOKE. You spoke of the traffic condition which was improved after you came. Were you responsible for that improvement?

Mr. McKENZIE. We were responsible jointly. The suggestion was that we stagger the working hours.

Mr. COOKE. You knew that was in collaboration with the new constructing quartermaster?

Mr. McKENZIE. Yes, sir.

Mr. COOKE. I think that is all, sir. I know Major Rundell will be called to the stand.

Senator BREWSTER. Mr. McKenzie, so that there might be full opportunity for expression, you understand what is the objective of the committee, and your association with the project was of a nature such that it seemed possible that you might be helpful. I know the committee would welcome any comment which you might have which would help us in resolving this problem of why this camp ran to such tremendous cost. It is rather conspicuous in the country. If you have any comment out of your experience, I know that the committee would welcome it. We understand that there is no personal element entering into this, and I commend your attitude and the apparent elimination of anything of a personal nature.

Mr. McKENZIE. The elimination of everything personal during my employment period would then allow perhaps one or two observations in general.

Senator BREWSTER. Yes; we would welcome it.

Mr. McKENZIE. The speed with which the defense program had to be inaugurated, with an unprepared organization throughout, led to this schooling that we are all going through. By that I mean that a construction quartermaster was given not only an eight-hun-

dred-million-dollar program in June, but by the 18th of July had been given \$4,000,000,000 worth of work to get under way. This, of course, necessitated considerable organization and reorganization, calling from the ranks of the reserves personnel with which to carry out this work. I believe the procedure of calling for officer personnel rather than for construction personnel might have led to some of the inequitable placing of some men who were perhaps not so experienced in construction. That is now, and has been, past remedying. The amount of work that was of necessity undertaken by contractors throughout the country created a shortage of equipment unhead of in our experience. That led to many ramifications. Whether or not there were abuses, I don't know. It seems that by now your efforts should have brought to light the inequities, if any, and proper steps taken to correct them.

I think that the present organizations carrying on the construction program may be hampered by a doubt in their minds as to when appropriations will be made available for the construction of camps to house whatever number of men will be called out on your next call; supposedly 15 or 20 more camps have to be built, and another million men will be called. Certainly it is your pleasure, I know, to correct any of the delays that took place, and I believe there is room there, as soon as possible, for a clarification of the intent and the supplying of the plans again to give adequate attention to proper planning and location of camps and coordination of contractors, and so forth, so that these conditions that we are finding in this camp, as well as others, could be somewhat alleviated.

Senator BREWSTER. I think your evidence was clear, but it may be well to clarify it, as there seemed to be implied some doubt that in what you said as to the gratifying change in conditions in January, February, and March at the camp you did not undertake to assume sole responsibility.

Mr. McKENZIE. Not at all, sir.

Senator BREWSTER. You indicated that you were in conference with others associated with the work, and you didn't undertake to claim all the credit or apportion all the blame.

Mr. McKENZIE. My sole purpose there—perhaps coming from any other gentleman in this room with whom I was associated it would be better explained to you—seemed to be one of coordinating and suggesting ways in which to accomplish what needed to be done.

Senator BREWSTER. And your relations with Major Rundell in particular were at all times most harmonious?

Mr. McKENZIE. He was the constructing quartermaster, and Harry Stellmann was the contractor at all times.

The CHAIRMAN. How long were you employed there?

Mr. McKENZIE. Eight weeks.

The CHAIRMAN. What did you get fired for?

Mr. McKENZIE. Because I was brother-in-law to Major Cochran.

The CHAIRMAN. What was the reason for that?

Mr. McKENZIE. That is all I have been able to find out after four trips to Washington.

The CHAIRMAN. That is all, Mr. McKenzie.

Mr. Wolfe, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mr. WOLFE. I do.

TESTIMONY OF H. E. WOLFE, PRESIDENT, H. E. WOLFE CONSTRUCTION CO., ST. AUGUSTINE, FLA.

The CHAIRMAN. Will you give your full name to the reporter, please?
Mr. WOLFE. H. E. Wolfe, president, H. E. Wolfe Construction Co., St. Augustine, Fla.

The CHAIRMAN. Mr. Wolfe, when did you first hear of the Blanding job—that there was going to be a camp constructed at Blanding?

Mr. WOLFE. The first that I knew of it, I suppose, came from the newspapers. That was sometime in August, I suppose.

The CHAIRMAN. Did you talk with General Hartman about getting the whole contract?

Mr. WOLFE. No, sir.

The CHAIRMAN. All that conversation was carried on by Mr. McLeod?

Mr. WOLFE. Yes, sir.

The CHAIRMAN. What was the name of the construction contractor in Tennessee that you were endeavoring to form the company with between you and Mr. McLeod?

Mr. WOLFE. Foster Creighton Co.

The CHAIRMAN. What was that?

Mr. WOLFE. Foster Creighton Co.

The CHAIRMAN. What sort of contractor was he?

Mr. WOLFE. Building contractor.

The CHAIRMAN. What does he build?

Mr. WOLFE. All types of buildings. He had the contract for the building of this camp up there near Tullahoma, Tenn., that he got later on.

The CHAIRMAN. He did build a camp up there in Tennessee?

Mr. WOLFE. Yes, sir.

The CHAIRMAN. You and McLeod and the building contractor did not succeed in getting the contract for any of the Government work?

Mr. WOLFE. No, sir.

The CHAIRMAN. You heard the testimony of Mr. McLeod, didn't you?

Mr. WOLFE. Yes, sir.

The CHAIRMAN. You concur in the statements that he made before this committee?

Mr. WOLFE. Yes, sir.

The CHAIRMAN. His statement as to figures is correct?

Mr. WOLFE. As I get it from our auditor; yes, sir.

Mr. FULTON. Mr. Wolfe, will you tell us the first conversation that you had with anyone concerning the possibility of a camp being built at Camp Blanding or in northern Florida?

Mr. WOLFE. Well, I suppose the first conversation that I had was with Mr. McLeod, that is, insofar as becoming interested in it. I asked Mr. McLeod what he thought about his and my attempting to associate ourselves with the building contractor in an effort to secure the work inasmuch as that seemed to be the order of the day at that time, to let this work to contractors on a negotiated basis. Since it was near my home I was very much interested.

Mr. FULTON. Would you tell us what your experience in contracting work had been?

Mr. WOLFE. Road construction, general road construction, heavy grading, paving, bridge work, and the like.

Mr. FULTON. And when was the first conversation you had concerning this camp?

Mr. WOLFE. With whom?

Mr. FULTON. When was the first?

Mr. WOLFE. Of course, I don't remember dates, but that must have been around the 10th of September, some time in there. I couldn't set a definite date, of course.

Mr. FULTON. Who proposed the meeting, you or Mr. McLeod? Whose idea was it?

Mr. WOLFE. Mine.

Mr. FULTON. It was your idea to make the combination?

Mr. WOLFE. Yes, sir.

Mr. FULTON. And you had had no earlier discussion concerning the location of the camp or the possibility of there being a camp with anyone; is that right?

Mr. WOLFE. No, sir.

Mr. FULTON. And where did you obtain your information with respect to the fact that there would be a camp?

Mr. WOLFE. The first information I had was when I found it in the newspapers.

Mr. FULTON. And after that you went to talk to Mr. McLeod some time around the 10th of September, although as to the exact date you couldn't be sure.

Mr. WOLFE. When the policy of negotiating contracts was first inaugurated, which, if I remember correctly, must have been in the latter part of June, I filed with the Bureau of Yards and Docks in Washington a financial statement and a list of equipment owned by myself and my personnel, and also filed the same questionnaire with Colonel Green's office, I believe, in Atlanta, Ga.

Senator BREWSTER. Did you have any representative in Washington?

Mr. WOLFE. No, sir.

Senator BREWSTER. At no time?

Mr. WOLFE. At no time; no sir.

Senator BREWSTER. Did you go there yourself?

Mr. WOLFE. No, sir.

Senator BREWSTER. You never went to Washington?

Mr. WOLFE. On this Blanding work?

Senator BREWSTER. Yes.

Mr. WOLFE. No, sir.

Mr. FULTON. On any other work?

Mr. WOLFE. I went to Washington at one time prior to the time that the naval air station was let out here, only to determine and to find out the methods of procedure to get yourself qualified as a contractor for consideration.

Senator BREWSTER. With what Government representatives did you discuss the matter?

Mr. WOLFE. In Washington?

Senator BREWSTER. In Washington or elsewhere.

Mr. WOLFE. I discussed that with the Senator's office, what the methods of procedure were.

Senator BREWSTER. Senator——

Mr. WOLFE. Senator Pepper's office; yes, sir; what the methods of procedure were. He told me—who is in charge of the Bureau of Yards and Docks in Washington?

Senator BREWSTER. Robinson or Moreell, Admiral Moreell.

Mr. WOLFE. Admiral Moreell.

Senator BREWSTER. And he explained to you how you would go about to get consideration for these contracts?

Mr. WOLFE. Yes, sir.

Senator BREWSTER. There was a Florida contractor who was on that job, was there not?

Mr. WOLFE. Yes, sir.

Senator BREWSTER. They found competent men for that job in the South?

Mr. WOLFE. Yes, sir.

Senator BREWSTER. And it worked out very satisfactorily, did it not?

Mr. WOLFE. Yes, sir.

Senator BREWSTER. So far as your knowledge goes.

Mr. WOLFE. Apparently. I would say "yes" to that question.

The CHAIRMAN. They had very satisfactory relations with the southern contractors that they used at Blanding, didn't they, in building those roads?

Mr. WOLFE. How was that?

The CHAIRMAN. I said, they had very satisfactory relations with the southern contractors they used at Blanding in constructing the roads, didn't they, Mr. Wolfe?

Mr. WOLFE. Whom do you mean, now?

The CHAIRMAN. Wolfe & McLeod, your firm. You did a good job over there, didn't you?

Mr. WOLFE. We believe we did; yes, sir.

The CHAIRMAN. I think you did, too.

Mr. WOLFE. I would like to add for the record there that I don't believe that I talked to Senator Pepper personally when I was in Washington, about this work. I think I talked to his secretary, who not knowing much about——

The CHAIRMAN (interposing). You just wanted to be guided to the proper person to get the information, and you got it.

Mr. WOLFE. Yes, sir; that is right.

ROAD CONSTRUCTION AT CAMP BLANDING

Mr. FULTON. With respect to this parking area, you have, of course, heard the letter from the Asphalt Institute. Have you, as a result of your road-building experience, any opinion with respect to which of the two methods should be used; that is, the asphalt stabilization method or the crushed stone method?

Mr. WOLFE. I have my opinion; yes, sir.

Mr. FULTON. And what would be your opinion?

Mr. WOLFE. My opinion is that the limerock construction is the better.

Mr. FULTON. And what would be your opinion as to the suitability of the other method?

Mr. WOLFE. Well, not knowing what the weight of the equipment would be that would be used on these parking areas, it would be beyond me to make a statement in that connection.

Mr. FULTON. I see. You would have to know the conditions under which the area would be used.

The CHAIRMAN. It goes without saying, doesn't it, that the limerock foundation is better than a sand foundation any time?

Mr. WOLFE. I believe so; yes.

The CHAIRMAN. That is common sense.

Mr. WOLFE. I will say that I have been in the limerock construction business more or less since 1923. I have done road work in the States of Florida, Alabama, Mississippi, Tennessee, Georgia, and South Carolina, and it so happens that that is the only material that I have had any experience with that you can lay today and put equipment over tomorrow.

Mr. FULTON. So your opinion would be that if the equipment were to be heavy, it might well be the thing to do to make it crushed rock instead of the stabilization method?

Mr. WOLFE. Yes, sir.

Mr. FULTON. And as to light equipment, such as these cheap trucks and otherwise, perhaps the stabilization method would be satisfactory.

Mr. WOLFE. It would be satisfactory provided that you take sufficient time in the construction to complete it to its final completion. I wouldn't want to hazard a guess as to the number of days that it would take from the time that you start the preparation of your surface area before it would be available for use, but it is considerably longer than with limerock.

Mr. FULTON. In any event, the question as to which was to be used was determined by whom? Was it determined by you or Mr. McLeod?

Mr. WOLFE. No, sir; we had nothing to do with that.

Mr. FULTON. Did you or, to your knowledge, did McLeod recommend that the stabilization method should not be used?

Mr. WOLFE. No, sir.

Senator BREWSTER. Did you participate in the discussions which resulted in your getting the contract?

Mr. WOLFE. Yes, sir.

Senator BREWSTER. And with whom did you discuss the matter?

Mr. WOLFE. Our discussions were with Mr. Stellmann and Mr. Hunter and Major Larson.

Senator BREWSTER. About what time were those?

Mr. WOLFE. Around the 15th to 20th, I would say, of September.

Senator BREWSTER. Right after the Starrett Bros. were given the contract?

Mr. WOLFE. Yes, sir.

Senator BREWSTER. And did you discuss at that time the question of transportation from the quarries to the camp, the matter of freight?

Mr. WOLFE. That subject was discussed; yes, sir.

Senator BREWSTER. Well, was that discussed with the railroad?

Mr. WOLFE. No, sir.

Senator BREWSTER. And was the question of the difference in cost of transportation as compared between the Government and your private organization discussed at any time?

Mr. WOLFE. I didn't understand the question.

Senator BREWSTER. As I understand it, there is a difference in the cost of transportation whether it is Government or private material; is that right, between 40 cents and 70 cents?

Mr. WOLFE. That is my understanding; yes, sir.

Senator BREWSTER. And this was done at the 70-cent price?

Mr. WOLFE. Well, we had nothing to do with the freight. I just couldn't answer that question.

Senator BREWSTER. I asked you whether or not that difference in the cost came up at any time in your discussion.

Mr. WOLFE. It was discussed; yes, sir.

Senator BREWSTER. That is what I want to know.

Mr. WOLFE. At that time we were told that it was the intent of the Government to take advantage of the land-grant rate, but now whether they did or not, I don't know. I had no way of knowing, except rumor.

Senator BREWSTER. You understood at the time that they were going to take advantage of the lower rate?

Mr. WOLFE. I understood that was being considered by the Government; yes, sir.

Senator BREWSTER. And that was the extent of your knowledge of the matter or of any action by you bearing on it?

Mr. WOLFE. Yes, sir.

Senator BREWSTER. And there would have been nothing in your contract to prevent that being done?

Mr. WOLFE. Nothing whatever.

Senator BREWSTER. As far as you were concerned, the Government was perfectly free to do that?

Mr. WOLFE. Yes, sir.

Mr. FULTON. As I understand it, Mr. Wolfe, you made available, together with Mr. McLeod, experienced road-building organization which was paid then by the Government?

Mr. WOLFE. Yes, sir; by Starrett Bros. & Eken.

Mr. FULTON. But it was an organization which you and Mr. McLeod had separately gotten together over a period of years.

Mr. WOLFE. Yes, sir.

Mr. FULTON. Have you any comments to make with respect to any of the matters that relate to limerock or, indeed, to anything else that is within your knowledge that you have heard while here this morning, or otherwise?

Mr. WOLFE. The only comment that I could make would be that knowing the country and the location as I do, and knowing the state that it was in last October 1, and knowing what happened at the time that it was made available, it just seemed almost impossible to me that such a thing could be done.

Mr. FULTON. Have you anything to add in the line of factual matter with respect to any of the subjects that have been discussed? I just wanted to give you a full opportunity to correct anything you

think might be in error or to make any addition that you think would be helpful to the committee on any of the matters discussed.

Mr. WOLFE. So far as what I have heard, the facts seem to have been given as nearly as I understand them.

The CHAIRMAN. That is all, Mr. Wolfe. Thank you.

Major Rundell, do you swear to tell the truth, the whole truth, and nothing but the truth in what you say before this committee?

Major RUNDELL. I do.

TESTIMONY OF MAJ. JAMES R. RUNDELL, CONSTRUCTING QUARTERMASTER, CAMP BLANDING, FLA.

The CHAIRMAN. Major, will you give your complete name, title, and position to the reporter, please?

Major RUNDELL. James R. Rundell, major, Q. M. C., C. Q. M., Camp Blanding, Fla.

The CHAIRMAN. What time did you come to the job, Major, as constructing quartermaster?

Major RUNDELL. December 15. I reported for duty at Blanding.

The CHAIRMAN. Were you commissioned from civil life?

Major RUNDELL. Yes, sir.

The CHAIRMAN. What is your experience as a construction man before you entered the Army service?

Major RUNDELL. I was educated at the University of Akron and Williams College; graduate of the Officers' School at Fort Benning in 1922 and 1923; 18 years' experience in the heavy construction field; licensed professional engineer in the States of New York and Connecticut; troop engineer of the budget committee, Westchester County; president of the F. S. O'Dell Engineering Corporation; military engineer, member of the Society of Military Engineers.

PLANS FOR CAMP BLANDING CONSTRUCTION

The CHAIRMAN. When you came to the present job, were there any plans available for the construction of the camp?

Major RUNDELL. Yes, sir.

The CHAIRMAN. What did those plans show—a complete lay-out of the camp?

Major RUNDELL. A complete lay-out.

The CHAIRMAN. How long had these plans been in existence?

Major RUNDELL. I don't know the exact date, presumably from the first of October.

The CHAIRMAN. Did these plans show the drainage conditions in the location of Camp Blanding?

Major RUNDELL. Certain of them did.

The CHAIRMAN. Were those drainage conditions taken into consideration in the location of the various outfits, such as the artillery outfit, which were located in swamps? Were those drainage conditions taken into consideration?

Major RUNDELL. That I don't know.

The CHAIRMAN. Did you cause any of these outfits to be moved from swamp locations to drier places after you went there?

Major RUNDELL. Yes, sir.

The CHAIRMAN. Do you think there was any saving in cost to the Government in that change of plan?

Major RUNDELL. Yes, sir.

The CHAIRMAN. Would it have been possible to locate the camp in such a way that it would not have been necessary to place those outfits below the level of the lake?

Major RUNDELL. Does the Senator mean in the immediate reservation?

The CHAIRMAN. I mean in the location within a reasonable distance of where they are now located.

Major RUNDELL. Some changes could have been effected.

The CHAIRMAN. That would have meant a tremendous saving to the Government?

Major RUNDELL. Yes, sir.

The CHAIRMAN. Without an overextension of the utilities, such as sewerage and things of that sort?

Major RUNDELL. Yes, sir.

The CHAIRMAN. Do you know who drew these plans that were in existence when you went there?

Major RUNDELL. Solomon & Keis, the architect-engineers.

The CHAIRMAN. And did those plans completely outline all the lay-outs; that is, for the location of all the outfits and the buildings and everything of that sort?

Major RUNDELL. They showed the various regimental areas complete for the two divisional camps.

The CHAIRMAN. Well, major, is this camp a cantonment camp?

Major RUNDELL. It is a tent camp; sir.

The CHAIRMAN. A tent camp. And the permanent buildings consist principally of kitchens—

Major RUNDELL (interposing). Latrines—

The CHAIRMAN. And bath houses—

Major RUNDELL. And recreational buildings, infirmaries, and the hospital.

The CHAIRMAN. So that when we get through, we will not have a permanent camp only so far as these auxiliary buildings are concerned.

Major RUNDELL. You will have a complete utility system adequate to take care—

The CHAIRMAN (interposing). In fact, a complete sewerage system, a location for kitchens and latrines, and things of that sort, but we will have no permanent camp facilities.

Major RUNDELL. We will have a basis for such a camp with the exception of the exact housing of the men themselves.

The CHAIRMAN. They will be housed in tents?

Major RUNDELL. Yes, sir.

The CHAIRMAN. Which is very satisfactory for this climate. I judge. Well, major, in your opinion could we have saved considerable money if an outline of this camp and a complete plan had been arranged so that it would not have been necessary to place these outfits in the swamps?

Major RUNDELL. Yes, sir.

The CHAIRMAN. And it could have been done, in your opinion?

Major RUNDELL. Yes, sir.

The CHAIRMAN. Any other questions?

Senator Andrews calls attention to the fact that they may have sacrificed that swamp situation for the beauty of the camps.

Major RUNDELL. That undoubtedly had a material effect on the selection of the site.

Senator ANDREWS. And this lay-out shows that it is more suited to a permanent city than it is for a temporary camp in view of the fact that if they had taken the higher ground it would have been scattered more.

Major RUNDELL. Within the immediate reservation; yes, sir.

RAILROAD BUILT AT CAMP BLANDING

The CHAIRMAN. Tell us something about that railroad, Major Rundell.

Major RUNDELL. I was not present at the time the negotiations for the railroad were undertaken. My predecessor, Major Larson, made the arrangements, but it was deemed necessary, as is common in any construction job where rail facilities are not immediately available to the site, to construct a railhead at Camp Blanding.

The CHAIRMAN. What is the length of the new railroad?

Major RUNDELL. Twenty-five miles.

The CHAIRMAN. Twenty-five miles. Is that railroad constructed on a permanently ballasted base?

Major RUNDELL. Not permanently ballasted.

The CHAIRMAN. Ballasted with sand, is it?

Major RUNDELL. Yes, sir.

The CHAIRMAN. Is that a satisfactory ballast for a railroad?

Major RUNDELL. Properly treated, it is.

The CHAIRMAN. Is this properly treated?

Major RUNDELL. Not at the present time.

The CHAIRMAN. What weight rail did they use on this railroad?

Major RUNDELL. Sixty pound on the portion built by the G. S. & F.,¹ and 100 to 110 on the Seaboard spur.

The CHAIRMAN. Is the 60-pound rail a satisfactory rail for the transportation of heavy freight?

Major RUNDELL. Not in my opinion.

Senator BREWSTER. What do the Government specifications require?

Major RUNDELL. There are no Government specifications, sir. There is a policy to accept the specifications of the American Railway Engineering Association.

Senator BREWSTER. What do they require in a case like that?

Major RUNDELL. They specify, or recommend, the use of 80-pound rail minimum.

The CHAIRMAN. Most of the railroads use a much heavier rail, don't they, from 110 pounds up?

Major RUNDELL. It varies. The weight of the rail in the South varies from the 60-pound rail used by the G. S. & F. and also to a certain extent by the other southern railroads, up to 110.

Senator BREWSTER. Are these old or new rails?

Major RUNDELL. At Blanding?

Senator BREWSTER. Yes.

Major RUNDELL. They are re-lay; they are old rails.

¹ Georgia Southern & Florida Railway Co.

Senator BREWSTER. That the railroad had and furnished for this job?

Major RUNDELL. I do not know where they were obtained.

GENERAL CONSTRUCTION AT CAMP BLANDING

Seator BREWSTER. What did you find when you came on the job December 15, Major, as to conditions concerned with the construction?

Major RUNDELL. I found the job not progressing too rapidly, behind schedule, and troop arrivals imminent. In fact, the Thirty-first Division was proceeding into camp at the time I arrived.

Senator BREWSTER. Did you form any estimate of the percentage that they were behind in the schedule at that time?

Major RUNDELL. My estimate was to the effect that they were approximately 7 days behind schedule.

Senator BREWSTER. And what was the time allotted for the job?

Major RUNDELL. The original time, I am told, was a 90-day period for the construction of the camp, but the estimates as to completion were changed from time to time as the work had fallen behind.

Senator BREWSTER. And when you speak of being 7 days behind schedule, on what time schedule was that based as to completion?

Major RUNDELL. I refer specifically to the providing of essential housing to the contingent of troops that were due at the camp through the month of December.

Senator BREWSTER. Were they establishing a system of priorities on the construction?

Major RUNDELL. Yes, sir.

Senator BREWSTER. In order to meet that problem?

Major RUNDELL. Yes, sir.

Senator BREWSTER. And were those priorities changed from time to time?

Major RUNDELL. They were, sir.

Senator BREWSTER. What about the occasion for this delay, as far as you could form a judgment from what you observed when you arrived?

Major RUNDELL. I believe that the original estimate of time for the construction of the camp had been put too low, and also there had been an increase in the number of troops projected for the camp. In other words, the camp had been increased from 39,000 projected troops to approximately 55,000.

Senator BREWSTER. Major, how are we going to find out the reasons for the change in authority there? If everything was all right before, why did they deem it necessary to make a change? I think really you have to speak a little frankly. There must have been something the matter that you were suddenly ordered in there.

Major RUNDELL. The work was behind schedule.

Senator BREWSTER. And what we want to know is why that was.

Major RUNDELL. I do not know, sir.

Senator BREWSTER. That is what I asked you in the beginning, what conditions you found when you got there? What did you do in the first few days that you were there after you had surveyed the situation?

Major RUNDELL. I proceeded to reorganize the constructing quartermaster's department, to confer with the contractor and the architect-engineer to bring them into harmony on a new program of construction which would be a scheduled program of construction.

The CHAIRMAN. Had any records been kept of a scheduled program up to that time?

Major RUNDELL. I didn't see any time schedule, sir.

Senator BREWSTER. Now, was Mr. Hunter¹ there at that time?

Major RUNDELL. He was.

Senator BREWSTER. And how much time did he put in on the job during the period you were there?

Major RUNDELL. From the period of December 20 up to approximately the 1st of March, he was there about 75 percent of the time.

Senator BREWSTER. Was there any record kept of when he was there?

Major RUNDELL. No, sir.

Senator BREWSTER. Just your observation about the three-quarters of the time.

Major RUNDELL. Yes, sir.

Senator BREWSTER. And your contacts were primarily with Mr. Stellmann?

Major RUNDELL. Mr. Stellmann, the general manager.

Senator BREWSTER. With whom you dealt. What about the architect-engineers, were either of them there on the job?

Major RUNDELL. Mr. Keis was present on the job in entirety; Mr. Solomon was present once a week.

Senator BREWSTER. What were your steps after surveying the situation? You say you proceeded to effectuate a reorganization. Was that in a redistribution of authority or a specifying of authority?

Major RUNDELL. In a specifying of authority and a transfer of authority where there had been misunderstandings.

Senator BREWSTER. So that each man knew very definitely what his responsibilities were in the organization?

Major RUNDELL. Yes, sir.

Senator BREWSTER. And how were the men being handled? How many were on the job at the time?

Major RUNDELL. Approximately 23,000.

Senator BREWSTER. And what was the situation as to their arrival on the job?

Major RUNDELL. Well, great difficulty was occasioned in the morning and in the late afternoon, that is, coming-on shift and going-off shift, in transporting them to their places of habitation.

Senator BREWSTER. Were they all coming in through one gate at that time?

Major RUNDELL. No, sir; they were dispersed through all the gates of the camp. The civilian traffic, however, was limited, insofar as possible, to one gate. That was under the administration of a provost marshal.

Senator BREWSTER. And when you say civilian, you mean the workmen?

Major RUNDELL. The workmen.

¹ Russell H. Hunter, vice president, Starrett Bros. & Eken.

Senator BREWSTER. So that close to 20,000 men were obliged to enter through this one gate at that time?

Major RUNDELL. No, sir. We had on the reservation 2,300 in the labor camp that presented no transportation problem at all, and there were a large number brought by train from Jacksonville to within the limits of the reservation at a point remote from the gate.

Senator BREWSTER. Did you take any steps as to making more efficient the arrival of the men on the job there?

Major RUNDELL. I did, sir.

Senator BREWSTER. What did you do?

Major RUNDELL. I instituted a traffic survey of the surrounding territory, running as far as Jacksonville and to Gainesville, Starke, Baldwin, Lawtey, and the entire net work of the Florida road system. I also conferred with the representatives of the railroad that was running the convoy train or the labor train to the camp and conferred with my transportation officer and with the provost marshal as to the expedition of the traffic on the roads.

The CHAIRMAN. Under ordinary conditions, if the contractor had had the experience and ability to run a job as big as that, wouldn't he have taken care of that in the beginning?

Major RUNDELL. I would not say so.

The CHAIRMAN. I wonder what we were paying this contractor for. What did we give him that fee for, if he couldn't organize the job so as to run it? That is what the Government let the contract to him for.

Major RUNDELL. Well, in part there had been a slight misunderstanding as to the responsibilities of the contractor and the responsibilities of the other two participating parties in the construction program.

The CHAIRMAN. What do you mean by that? Do you mean that the other constructing quartermaster didn't get the contractor to do his job? Is that what was the matter?

Major RUNDELL. In part, there had been such a misunderstanding.

The CHAIRMAN. Is that the reason they had to fire the other constructing quartermaster, he didn't know how to run the job?

Major RUNDELL. No, sir; Major Larson was ill.

The CHAIRMAN. I think you are kind. It looks to me that a contractor that is big enough to operate a job like that ought to know how to operate it and make it run. That is what we paid him the fee for. It seems to me that that is what we hired him for.

Major RUNDELL. If I might be permitted to express an opinion, I believe that the organizational methods was the basis of the fee. In other words, we were engaging the contractor for his ability to apply known construction methods in heavy construction.

The CHAIRMAN. We hired that contractor to run the job. Apparently he didn't do it; apparently he got it all tangled up, and you had to fire the constructing quartermaster and get another one to get the thing untangled, and that was 4 or 5 months after the job started, wasn't it?

Major RUNDELL. Four months.

The CHAIRMAN. Three or four.

Major RUNDELL. Three and a half months.

The CHAIRMAN. After the job started.

Senator BREWSTER. What opinion, if any, did Mr. Hunter express regarding this matter in your discussions with him?

Major RUNDELL. Regarding the transportation of workmen?

Senator BREWSTER. Yes; that in particular.

Major RUNDELL. He was seriously disturbed about it, and there had been a number of conferences held regarding the matter. Some efforts had been made to straighten out the traffic problem. The State of Florida had been attempting to develop a road program. I believe Colonel Kelley had already engaged himself on the study, and an effort was being made to relieve this serious traffic congestion to and from the camp.

The CHAIRMAN. I believe if these fellows had hired a construction man equal to their road men, they would have gotten this job done all right.

Senator BREWSTER. How did your relations work out with Mr. McKenzie? He came there soon after you arrived, did he?

Major RUNDELL. My relations with Mr. McKenzie were very co-operative.

Senator BREWSTER. You found him always ready to cooperate in any program you mapped out?

Major RUNDELL. Yes, sir.

Senator BREWSTER. And he made same helpful suggestions?

Major RUNDELL. He did.

Senator BREWSTER. Did you make any recommendations regarding the severance of his relations with the Government?

Major RUNDELL. I did not.

Senator BREWSTER. Did you observe anything in his activities there which indicated that he was not serving the Government to the best of his ability, without regard to other relationships?

Major RUNDELL. No, sir. My official contacts were directed through Mr. Stellmann to Mr. McKenzie in a technical capacity.

Senator BREWSTER. What is the precise degree of responsibility as between your office and Mr. Hunter, let us say, as a representative of the contractor on the job? Just how does that work itself out?

Major RUNDELL. In proper application, the responsibility of the constructing quartermaster, or the representative of the War Department, is an owner's relationship. The responsibility of the architect-engineer is that of representative of the owner, to see that the work is performed according to the best technical procedures.

Senator BREWSTER. Were they responsible for the inspection on the job?

Major RUNDELL. Yes, sir.

Senator BREWSTER. And that was not a responsibility which primarily rested upon your office?

Major RUNDELL. The responsibility should have rested upon the office of the constructing quartermaster, as the owner's representative. When I arrived there, the job was practically 40 percent complete, and this method of inspection had been instituted. It would have disrupted the entire building operation had too sudden and too drastic changes been introduced during the arrival of the Thirty-first Division. Therefore, the responsibility of the inspection remained in the architect-engineer, regardless of the fact that in true

construction procedure it belongs properly in the owner's relationship.

Senator BREWSTER. Isn't it customary for an architect to sometimes perform that service?

Major RUNDELL. Yes, sir.

Senator BREWSTER. But under the Government arrangements that is not contemplated.

Major RUNDELL. Under the Government arrangements, it is to be presumed that the inspection of the proper installation of the work would be directly under the constructing quartermaster, aided by such technical advice as needed, to be furnished by his professional advisers.

The CHAIRMAN. In construction generally, if a man hires an architect, that architect is supposed to represent the owner in the same position as you say the constructing quartermaster represents the Government. Isn't that true usually?

Major RUNDELL. No, sir; the constructing quartermaster acts as the owner's representative; the architect-engineer really acts as an architect would act in private construction.

The CHAIRMAN. When you hire an architect, you draw plans and specifications. When you construct a house for your own use, you expect that architect to represent you and see that the construction man does the job as he outlines it to you.

Major RUNDELL. That is correct, sir.

The CHAIRMAN. It seems to me that when the Government hires an architect-engineer, the Government ought to expect something of that same service from that architect-engineer.

Major RUNDELL. In the way of plans and inspection that was provided by Solomon & Keis.

The CHAIRMAN. To see that those plans are carried out accordingly—

Major RUNDELL (interposing). To the wishes of the owner.

The CHAIRMAN. That is right. That is exactly right.

Senator BREWSTER. Take the item of lumber, for instance, how was the lumber secured on this job?

Major RUNDELL. The lumber in bulk was procured by the contractor. There was about 19 percent purchased through the Procurement Division of the War Department.

Senator BREWSTER. Was that the initial batch purchased?

Major RUNDELL. Yes, sir.

Senator BREWSTER. Approximately ten million feet?

Major RUNDELL. Ten million feet.

Senator BREWSTER. Where was that secured?

Major RUNDELL. That was secured from the Elrod Lumber Co., of Charlotte, N. C.

Senator BREWSTER. And was lumber from that purchase still arriving when you got there?

Major RUNDELL. Yes, sir.

Senator BREWSTER. Did you have occasion to get reports on its inspection?

Major RUNDELL. Yes, sir.

Senator BREWSTER. Were they satisfactory?

Major RUNDELL. Not fully.

Senator BREWSTER. And was that reported to Washington?

Major RUNDELL. Yes, sir.

Senator BREWSTER. And does that explain some of the unsatisfactory lumber that is apparently on that job?

Major RUNDELL. I believe I would have to expand your question to explain the situation.

The CHAIRMAN. Go ahead and explain it.

Major RUNDELL. The lumber deliveries were so delayed because of the demand of the entire defense program that it was extremely difficult to secure enough lumber to keep the contractor's production line maintained to its most economic capacity. The lumber that was purchased for this particular job was grade 2. It was inspected by the Southern Pine Association, also by the contractor's representative or material inspector, and thirdly by the Government inspector, and passed in every case and instituted into the job as grade 2. There was serious delay of deliveries. I believe at one time one shipment which was rain wet was accepted, but still was grade 2 lumber. With the exception of that one shipment, all other lumber passed the grade 2 specification of the Southern Pine Association.

Senator BREWSTER. How much was in that shipment?

Major RUNDELL. My recollection is that it was four cars, of which two cars were rejected.

Senator BREWSTER. What did the price of lumber average on the job?

Major RUNDELL. The average would be approximately \$35 to \$36 with a top of \$40 and a minimum of approximately \$33.

Senator BREWSTER. Was the \$40 price on this initial purchase?

Major RUNDELL. I cannot answer that without reference to my files.

Senator BREWSTER. And the acceptance of this shipment that was below grade was on the authority of Washington?

Major RUNDELL. Yes, sir.

Senator BREWSTER. I guess you were interrupted in responding to my first question about the division of responsibility as we got off on to the architect. I want us to return now to the question of what Mr. Hunter was supposed to do and what his responsibility was.

Major RUNDELL. Mr. Hunter's responsibility, as representative of Starrett, Eken on the job, was the actual construction of the camp. In other words, the normal relationship of builder to owner.

Senator BREWSTER. Well now, how would you divide the responsibility between Mr. Hunter and Mr. Stellmann?

Major RUNDELL. Mr. Hunter's responsibility was administrative; Mr. Stellmann's was administrative in part, but was largely concerned with the field operation.

Senator BREWSTER. Executive.

Major RUNDELL. Yes, sir.

Senator BREWSTER. In the carrying out of Mr. Hunter's administrative responsibilities, what were his contributions in the period you observed it?

Major RUNDELL. His contributions initially were of course the administration of the contractor's forces, the determination of contractor's policies with regard to the work, and the delegation through

his various departments and through Mr. Stellmann of the construction program as directed by the constructing quartermaster.

Senator BREWSTER. Whom would you contact when you had a question, Mr. Hunter or Mr. Stellmann?

Major RUNDELL. Either or both.

Senator BREWSTER. When you speak of Mr. Hunter's being there 75 percent of the time, do you know where he was the remainder of the time? Was he in New York or elsewhere in Florida?

Major RUNDELL. At times he was required to go to the New York office. Some of those times Mr. Henry Vogt, the Treasurer of the Starrett Bros. & Eken Co., came on and undertook the audit and financial end of the picture.

Senator BREWSTER. Following your survey, did you issue written instructions to cover the responsibility of the various individuals involved?

Major RUNDELL. No, sir; I held a conference with the various departments there; such as the contractor and the architect-engineer held independent conferences; and then we held round-robin table conferences with all parties concerned being present.

Senator BREWSTER. And did you at any time reduce your instructions in the matter to writing as to their division of responsibility?

Major RUNDELL. There was processed to them a directive which came forward from the office in Washington, and those directives were processed to both the architect-engineer and the contractor and were also circulated and initialed by all the commissioned personnel of my own staff.

Senator BREWSTER. In your engineering experience and construction experience, was the acceleration of the work at this stage such would be usual in a job of this magnitude, or was that unusual?

Major RUNDELL. I believe that all construction jobs show a normal curve of increase and then of decrease at certain periods throughout the construction program. There is a peak and then a dropping off, both in employment and in progress. I believe that some slight increase beyond the normal was occasioned at Blanding.

Senator BREWSTER. You mean as the work progressed?

Major RUNDELL. Yes, sir.

Senator BREWSTER. Was this chart referred to prepared in your office?

Major RUNDELL. It was prepared in the office of the architect-engineer.

Senator BREWSTER. Have you a copy of that there?

Major RUNDELL. No, sir; this is a chart prepared in my office.

Senator BREWSTER. Do you feel that that chart is an accurate representation of the progress there at Blanding?

Major RUNDELL. I believe in the main it is correct. However, I have here the accurate chart prepared in the office of my C. Q. M. engineer. I haven't had an opportunity to check the two, but I would like to introduce this particular chart in lieu of this one. They show substantially the same pay-roll figures, but I believe there are slight changes in the progress indicated.

Senator BREWSTER. Well, is there some variance?

The CHAIRMAN. The chart may be admitted to the record.

(The chart referred to was marked "Exhibit No. 65" and is included in the appendix facing p. 1256.)

Senator BREWSTER. Do I understand that they indicate some variation?

Major RUNDELL. It is possible, sir.

Senator BREWSTER. I think perhaps we had better have both of them. If you will study them during the noon hour and make any observations that you care to, then, as to what the variation is. I have gathered from what you have said that an engineer must contemplate a variation in any phase of the work, that that is taken into contemplation. The fact that you spend a million dollars doesn't necessarily mean that you have got a million dollars' worth of work on the job at the start.

Major RUNDELL. That is true.

Senator BREWSTER. That is all taken into account in these progress statements which are prepared in advance.

Major RUNDELL. Yes, sir.

Senator BREWSTER. You don't expect every million to advance one-tenth a \$10,000,000 job. What we are interested in is how far this varied from what would be anticipated as the engineering norm, and I understand from you that you feel that in January, February, and March the thing picked up?

Major RUNDELL. Yes, sir.

Senator BREWSTER. That is all.

Mr. FULTON. Major Rundell, with respect to this freight differential between the land-grant rate which the Government would be entitled to for stone that it owned and the commercial rate, which I understand was paid because the stone was not owned by the Government until it was in the roads and had passed inspection, is that your understanding?

Major RUNDELL. I understand that such a differential existed.

Mr. FULTON. And, roughly, the difference between 42 and 70 cents, as specified by Mr. McLeod?

Major RUNDELL. That is approximately correct.

Mr. FULTON. Which, on a tonnage basis, would amount to somewhere between \$180,000 to \$200,000 which could have been saved in freight.

Major RUNDELL. That is correct.

Mr. FULTON. By the Government's taking title to the identical rock at the quarry instead of at the place of delivery on the roadbed.

Major RUNDELL. That is correct.

Mr. FULTON. What I wanted to determine is who was responsible for the failure to take title at the quarry?

Major RUNDELL. I can't answer that. That action was taken prior to my coming to Blanding.

The CHAIRMAN. Do you know who can answer it, Major?

Major RUNDELL. I believe Mr. Fish, our supervising C. Q. M. at that time, might throw some light on it.

The CHAIRMAN. Mr. Fish, will you please be sworn so you can answer a question? Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FISH. I do.

TESTIMONY OF HARRY A. FISH, SUPERVISING CONSTRUCTING QUARTERMASTER, CAMP BLANDING, FLA.

The CHAIRMAN. Mr. Fish, will you tell the reporter your full name?

Mr. FISH. Harry A. Fish.

The CHAIRMAN. What was your connection with Camp Blanding?

Mr. FISH. Supervising Constructing Quartermaster.

The CHAIRMAN. Why didn't the Government get the benefit of the land grant rate on this rock?

Mr. FISH. I am afraid, sir, that I am not prepared to answer this question. I merely reported the request of the constructing quartermaster, Major Larson, that he believed a saving could be effected if the Government did take advantage of the land-grade rate. I reported the matter to my superior, Mr. Lacy Moore, and as to who made the decision that the Government should or should not take advantage of the land-grant rate, I rather think it was made in the Legal Department of the Construction Division, but I am not prepared to say just who.

Senator BREWSTER. Do you mean at Blanding or in Washington?

Mr. FISH. In Washington.

Senator BREWSTER. In Washington?

Mr. FISH. Yes, sir; I believe the matter was referred to the Legal Department of the Construction Division.

The CHAIRMAN. Major Davidson, will you find out for the benefit of this committee and report when we get back to Washington just why title was not taken to this?

Major DAVIDSON.¹ I believe Mr. Fish's statement is correct.

The CHAIRMAN. Tell us what the legal situation was, why the Government couldn't save that \$180,000, and furnish that information to this committee when we get back to Washington, please.²

That is all, Mr. Fish. Proceed.

Mr. FULTON. Major Rundell, with respect to the railroad, as I understand it, the existence of the railroad enabled the Government to make a saving on some hundreds of thousands of tons of crushed rock of 25 cents per ton. Is that right?

Major RUNDELL. That is correct.

Mr. FULTON. So that you would have to allocate to the railroad, or to the cost of the railroad, a saving in construction costs in connection with the camp of somewhere around \$150,000, would you not?

Major RUNDELL. That is right.

Mr. FULTON. What did the railroad cost, roughly, in its present state?

Major RUNDELL. \$275,000.

Mr. FULTON. Including the rails?

Major RUNDELL. Including the 60-pound rail.

Mr. FULTON. So that at least the question of building a railroad at this particular camp is one where you would probably determine that in view of the rock saving and in view of the usefulness of the road after it was completed, it was desirable to build a railroad.

¹ Maj. G. H. Davidson, whose previous testimony appears supra, p. 1014, et seq.

² Subsequently supplied, see appendix, p. 1262.

Major RUNDELL. That is correct. We have an estimate prepared, based on the 25-cent saving which has been testified to by Mr. McLeod earlier this morning, plus a saving of \$2 per thousand on the lumber, which effected a saving of \$286,000, different from your figure of \$160,000, which would justify the complete construction of the railroad to date.

Mr. FULTON. So that then it is not a question of whether we should build a railroad, but a question of the type of railroad to build.

Major RUNDELL. I believe that to be correct.

Mr. FULTON. And now with respect to these 60-pound rails, have you investigated to find out whether the rails have a value that would be the equivalent of the value paid by the Government, of the price paid by the Government?

Major RUNDELL. I have conducted no personal investigation as to the price of scrap at the present time. I had a check figure sometime ago of \$19 per ton on rail of that type, for scrap.

Mr. FULTON. And what did the Government pay?

Major RUNDELL. The Government paid \$25 when the railroad was put in for rail.

Mr. FULTON. And if the Government wanted to dispose of the 60-pound rail in accordance with your recommendation for substituting a heavier rail, the question I want to determine is would the Government sustain a loss on the 60-pound rail? I understood the loss would be relatively slight, but I want your view on that.

Major RUNDELL. I haven't the quotation at the present time of scrap rail. I believe you will have here several railroad men who might be familiar with that quotation.

Mr. FULTON. They will testify later. With respect to the laying out of the line, so far as you know has the line been laid out properly so as to take full advantage of the topography and to have the smallest possible amount of fill?

Major RUNDELL. In my opinion, the road is laid out as economically as was possible through the terrain.

Mr. FULTON. And with respect to the road in its existing condition, does it have the right percentage of curvature?

Major RUNDELL. It does.

Mr. FULTON. And grade?

Major RUNDELL. It does.

Mr. FULTON. So that the question that you would say would have to be acted on would be the question of the weight of the rail and the condition of the ties and the ballast?

Major RUNDELL. I believe the question should be handled a little bit differently from that. The railroad in its present form has served the construction job. There is some question as to the maintenance necessary to put it into what might be construed to be permanent shape.

Mr. FULTON. As I understood it, the railroad at present would not be suitable for passenger trains because there is a limitation of speed in its present condition of only 5 or 6 miles an hour over the road.

Major RUNDELL. I believe that the limitation is higher than that, Mr. Fulton. I believe it is considered a yard movement and safe up to 20 miles an hour.

Mr. FULTON. Up to 20 miles per hour?

Major RUNDELL. Yes, sir.

Mr. FULTON. Have you been operating at any such speed?

Major RUNDELL. I can't state as to that.

Mr. FULTON. And with respect to the rails, I had understood that without rock ballast and in the present condition of sand ballast, you needed more ties than you would otherwise need.

Major RUNDELL. I believe we need ballast rather than ties. The ties are in fairly good condition.

Mr. FULTON. But if you don't have ballast, you have to have more ties, isn't that correct?

Major RUNDELL. You have to have either ballast or reramp.

Mr. FULTON. As I had understood it, a train goes over it in its present condition and both the rail and the tie are depressed into the sand by the weight of the train. Then, of course, after the weight of the train is removed, it springs back, but the rail tends to spring back and the tie to remain where it is, with the result that the spikes have pulled out.

Major RUNDELL. That is normal in all light railroad construction.

Mr. FULTON. Which would mean that you would have to maintain the road at heavy expense by going over it almost every time you had a rapid train movement over it.

Major RUNDELL. There would have to be maintenance.

Mr. FULTON. And it is for that reason that you suggest that it would be better to remove the lighter rail and dispose of them and to get a heavier rail and ballast for the track. Is that it?

Major RUNDELL. I so stated in the report.

Senator BREWSTER. Would there have been difficulty largely last year in getting the 80-pound rail? Do you know?

Major RUNDELL. I am not aware of the condition prior to my arrival. The 60-pound rail, of course, was materially cheaper than the 80- or 110-pound rail.

Senator BREWSTER. I am addressing myself to whether or not 60-pound rail would have been available last year.

Major RUNDELL. I have no knowledge of the local conditions here in Florida as of September. In January it was obtainable.

The CHAIRMAN. It looks as if this railroad is rather outstanding for one reason, that it seems to have paid for itself. That certainly is a star condition in the work of this camp.

Mr. FULTON. Have you any estimate or can you give us one as to how much it would cost to take up the rail and to re-lay an 80-pound rail?

Major RUNDELL. Yes, sir.

Mr. FULTON. How much would that be?

Major RUNDELL. \$150,000.

Mr. FULTON. And does that include the cost of the new rail?

Major RUNDELL. That includes the cost of the new rail.

Mr. FULTON. What I was talking of was the expense of taking up the 60-pound rail and substituting the 80, without regard to the material.

Major RUNDELL. Well, the differential would be, if you figure the 60-pound rail at \$25 a ton, 800 tons of the new rail could be obtained at \$39, and the balance might run as high as \$55 a ton.

Mr. FULTON. But what I meant was not the question of the expense of the rail, but I wanted to know how much labor and other expense would be involved in simply taking up the 60-pound rail

and substituting the 80; in other words, the expense that would not have been incurred if the 80 had been put down in the first place.

Major RUNDELL. The taking up of the rail would be a reasonably low expense. It might be done for the sum of \$5,000.

Mr. FULTON. How much would be the cost of reinstalling the rail?

Major RUNDELL. I have no figures from the railroad at the present time on that.

Mr. FULTON. When you do obtain them, could you furnish them to Major Davidson, who can furnish them to us?

Major RUNDELL. I would be very glad to.

Mr. FULTON. I want to know how much, if anything, it would cost to place the heavy rail on now which could have been avoided by putting it on earlier.

With respect to these estimates as to the cost of the camp, namely \$9,000,000, as against the present possible cost of close to \$30,000,000, would you give us your opinion, Major Rundell, with respect to the nature of the original estimates, their correctness, and the manner and method in which they were made, and their adequacy?

Major RUNDELL. I have no knowledge of the way the original estimates were prepared.

Mr. FULTON. Would you answer this question: Of course, the thirty millions includes some additional work, but how much have you found the original estimates to be off on the work which was done and which was included in the original estimate?

Major RUNDELL. The answer is obvious: The differential between the estimate or cost of the completed project and the original estimate, some twenty million dollars.

Mr. FULTON. No; the completed project includes a great deal of work which was added after the original estimate, so that I mean it wouldn't be quite that bad, I hope.

Major RUNDELL. Taking into consideration the increase in troops from 39,000 to 55,000—

Mr. FULTON (interposing). And the increase in buildings.

Major RUNDELL. The increase would be proportionate.

Mr. FULTON. What I had in mind was how much is the increase of the actual cost over the estimate, giving allowance to those differences?

Senator BREWSTER. He said that he would figure it was roughly proportional to the difference, that is, he would allow for increased cost about 30 percent, the percent of increase in the number of men allocated to the camp.

Major RUNDELL. That is correct.

Senator BREWSTER. So that 30 percent of three million would be fairly attributable to that.

The CHAIRMAN. Thirty percent of thirty million.

Senator BREWSTER. Thirty percent of nine million.

Mr. FULTON. Then you would say 30 percent of the original estimates, giving allowance for additions, would be somewhere in the neighborhood of twelve or thirteen millions against the cost of thirty millions?

Major RUNDELL. That the original estimate would be twelve million? No, sir.

Mr. FULTON. If the original estimate were nine million, if you would allow three or four million for the addition by reason of the increase,

therefore you would say what you might term the revised original estimate to include supplements would be twelve or thirteen million.

Major RUNDELL. Would have been twelve to thirteen million dollars originally, based on the increase of the troops.

Mr. FULTON. So that it would have been off by about \$17,000,000 on the actuality?

Major RUNDELL. That is correct.

Mr. FULTON. Can you give us any explanation of why it was off so far?

Major RUNDELL. I have no knowledge of that. It was underestimated.

Mr. FULTON. Have you made any estimate to determine how much the camp should have cost as distinct from what it did cost?

Major RUNDELL. I have not.

Mr. FULTON. Could you do so?

Major RUNDELL. That would be a difficult thing to do. We have an actual cost performance at the present time.

Mr. FULTON. It would be practically impossible, I assume.

The CHAIRMAN. We are not going to ask you to do that. You probably would get fired.

Senator BREWSTER. What was the cost per man on this camp?

Major RUNDELL. Five hundred and three dollars per man to the best of our determination to date. The actual cost figures are not as yet entirely completed, but we have enough to predicate an answer of that kind.

Senator BREWSTER. And it is going to approximate very closely \$500 per man.

Major RUNDELL. That is correct.

Senator BREWSTER. Where the original difficulty came in, I think, we were given a figure last summer, I remember, when the matter was in Congress, of some \$300 a man, wasn't it, that they figured per tent camp, so that that would explain some of the occasion for the discrepancy, but not all, apparently, if your figures are correct.

Major RUNDELL. The man cost, or cost per man, for Blanding, I believe will approximate the average for the entire country.

Senator BREWSTER. You think that is established?

Major RUNDELL. I haven't the actual evidence of the other camps, but I have by hearsay and from determination from the published reports of the War Department comparative figures.

The CHAIRMAN. I don't think you will find much difference in them. I think you will find the same increase over the estimate that you find here, and I think you will find probably the same cost per man, or a little bit more, although in each instance it is anywhere from two to three, and sometimes four, times as much as the C. C. C. camp cost has been, on which the Congress based its estimates to begin with. I think it is probably due to several factors, as nearly as we can figure out now. Those are haste, poor estimate to begin with, and poor management of the construction after it got started in nearly every instance.

Mr. FULTON. With respect to this drainage problem, have you got it licked now?

Major RUNDELL. Not in entirety.

Mr. FULTON. What remains to be done?

Major RUNDELL. Additional studies will have to be conducted over probably a rather extended period of time in order to determine the performance record of the drainage as installed. It will be necessary from time to time probably to supplement the present drainage system.

Mr. FULTON. That would, of course, involve further expense.

Major RUNDELL. Unquestionably.

Mr. FULTON. Now, with respect to the question of stabilization of roads and parking areas, are you building parking areas now?

Major RUNDELL. Not at the present time. We anticipate completing the areas according to the original plan.

Mr. FULTON. And what method are you going to use there?

Major RUNDELL. That hasn't been determined as yet. In other words, we are taking bids on a number of alternate types of stabilization procedures.

Mr. FULTON. As a result of your experience to date, have you any opinion with respect to the use of limerock or the asphalt stabilization method for parking areas?

Major RUNDELL. I believe that the limerock method is the fastest and most efficient method of application in Blanding.

Mr. FULTON. And what I had in mind is this: In view of the extra cost, in your opinion it is worth it?

Major RUNDELL. I believe that it was worth it in the emergency of meeting troop arrivals. There is a question in my mind as to whether some cheaper method could not be applied after due deliberation and experimentation with the type of soil and the terrain that we have to work with.

Mr. FULTON. I noticed that at Blanding there is a great deal of excess material and equipment, in the form of wire, and bathtubs, and various other things out there. Is there any reason why all that extra material was ordered?

Major RUNDELL. That is common to any major construction project the size of Blanding, to have to order a surplus beyond the actual take-off from the detailed plans. The inventory has been taken as to the physical extent of the surplus material; the actual cost or pricing of each individual item is under way; and the surplus will be disposed of through Government channels. There will be no loss to the Government of any surplus remaining.

Mr. FULTON. How big an inventory of excess material do you have out there?

Major RUNDELL. My best estimate as to price would be a million and a half.

Mr. FULTON. A million and a half of material?

Major RUNDELL. Yes, sir; about 5 percent.

Mr. FULTON. That would have to be transferred to some other job, is that true?

Major RUNDELL. Or incorporated into the normal maintenance of the camp.

Mr. FULTON. A great deal of it couldn't be used in normal maintenance for a very long period to come, isn't that true? For example, those bathtubs.

Major RUNDELL. I question that, Mr. Fulton. I believe that a considerable proportion of the inventory will be necessary for the maintenance of the camp of this size.

Mr. FULTON. But I was talking about the proportion that would not be, which is likewise considerable, is it not?

Major RUNDELL. The proportion that could be incorporated is in the form of equipment which still has a material use in the construction program of the War Department.

Mr. FULTON. If it is transferred somewhere else?

Major RUNDELL. That is correct.

Mr. FULTON. And of course that would involve double freight rates. I just wondered why we ordered so much of some of that kind of material unless it was because the estimates were being changed so much that no one quite knew how much would be needed.

Major RUNDELL. I might explain that, Mr. Fulton, by saying that on any major construction job of this scope there must be set up a production schedule which cannot be blocked in any way by a deficiency in any given material, part, or equipment, otherwise it would cost the Government about \$10,000 an hour while you waited for maybe some simple little shipment of specific parts.

Mr. FULTON. But a million and a half dollars' worth of excess materials in a camp that was supposed to cost \$9,000,000, to begin with, for labor and materials, seems rather high.

Major RUNDELL. Well, the figure that we should predicate our opinion on is approximately \$27,740,000.

Mr. FULTON. Even on that, that is still a lot of excess material, more than 10 percent of the entire amount that you used, isn't it?

Major RUNDELL. I would have to check my figures as to the actual percent.

Mr. FULTON. But, taking your labor, what was the total labor cost on that camp?

Major RUNDELL. I believe around thirteen to fourteen million.

Mr. FULTON. So the total material was only thirteen to fourteen million?

Major RUNDELL. Yes.

Mr. FULTON. That means that more than 10 percent more material was ordered and brought on the project than could be used.

Major RUNDELL. I do not consider 10 percent abnormal.

Mr. FULTON. You do not?

Major RUNDELL. No, sir.

Mr. FULTON. That is all I have.

The CHAIRMAN. The committee will recess until 1:45, when Mr. Stellmann will be questioned.

(Whereupon, at 12:37 p. m., the committee recessed until 1:45 p. m. of the same day.)

AFTERNOON SESSION

The hearing was resumed at 1:55 p. m., upon expiration of the recess. Senator Truman presiding.

The CHAIRMAN. Mr. Stellmann.

Mr. COOKE. Senator, before Mr. Stellmann goes on I think you wanted Major Rundell to correct the record.

The CHAIRMAN. Senator Brewster has some questions he wanted to ask when he comes.

Mr. Stellmann, will you be sworn?

Do you solemnly swear that the testimony you are about to give in this proceeding will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STELLMANN. I do.

TESTIMONY OF H. J. STELLMANN, CONSTRUCTION MANAGER, STARRETT BROS. & EKEN, STARKE, FLA.

The CHAIRMAN. Have a seat. Give the reporter your full name and your connections with this camp construction.

Mr. STELLMANN. H. J. Stellmann, construction manager, Starrett Bros. & Eken.

The CHAIRMAN. Mr. Stellmann, you represent the contractors on this Camp Blanding job?

Mr. STELLMANN. Yes, sir.

The CHAIRMAN. Just what is your connection with Starrett Bros. & Eken?

Mr. STELLMANN. On that particular job, construction manager.

The CHAIRMAN. You are construction manager?

Mr. STELLMANN. Yes, sir.

The CHAIRMAN. Have you been on the job all the time?

Mr. STELLMANN. From the very first day; yes, sir.

The CHAIRMAN. Were you present in Washington when the contract was negotiated?

Mr. STELLMANN. I was not; no, sir.

The CHAIRMAN. Have you any knowledge of how that contract was negotiated?

Mr. STELLMANN. I have not.

The CHAIRMAN. Your connection has been entirely as superintendent of construction?

Mr. STELLMANN. That is correct. I was called at 8 o'clock on the night of September 9 and advised to take a plane at 10 o'clock to Jacksonville, which I did.

The CHAIRMAN. How long have you been with Starrett Bros. & Eken?

Mr. STELLMANN. More than 14 years.

The CHAIRMAN. What has been your connection with that organization up to date?

Mr. STELLMANN. Superintendent and project manager on various jobs.

The CHAIRMAN. On what other jobs were you superintendent?

Mr. STELLMANN. The Willamsburg houses job, the Empire State Building, numerous other small jobs—smaller jobs.

The CHAIRMAN. Did you come down here and look at the site after you were called in on the job?

Mr. STELLMANN. Yes, sir. Mr. Hunter, myself, and two others arrived here on the 10th day of September and immediately located Camp Blanding.

The CHAIRMAN. Were you present when the camp site was located?

Mr. STELLMANN. Yes, sir.

The CHAIRMAN. Who was responsible for that location?

Mr. STELLMANN. Oh, you mean the selection of the site?

The CHAIRMAN. Not the selection of the camp site as a camp site, but the selection of the site for the actual camp that was constructed; I mean the living quarters for the troops. Were you present when that site was specifically located?

Mr. STELLMANN. That was a matter that was determined by the constructing quartermaster and the architect-engineer, Solomon and Keis.

The CHAIRMAN. Who was the constructing quartermaster at that time?

Mr. STELLMANN. Major Larson.

The CHAIRMAN. Major Larson and your architect-engineer located that camp site?

Mr. STELLMANN. Yes, sir.

The CHAIRMAN. Was any actual survey made of the ground before the camp site was located?

Mr. STELLMANN. No, sir.

The CHAIRMAN. How was it located?

Mr. STELLMANN. The architect-engineer proceeded to survey the property upon arrival at the site. I think they arrived at the site the day after we did, I think the 11th of September. Up to that time there were no plans, no information available whatsoever.

The CHAIRMAN. You had no notion as to where the actual camp buildings were to be placed when you arrived there?

Mr. STELLMANN. No, sir.

The CHAIRMAN. And those actual camp buildings were located by your architect-engineer and by the constructing quartermaster?

Mr. STELLMANN. By the Government's architect-engineer.

The CHAIRMAN. The Government's architect-engineer?

Mr. STELLMANN. We had nothing to do with it.

The CHAIRMAN. The Government's architect-engineer was supposed to make some plans for you to work by, was he not?

Mr. STELLMANN. That is right.

The CHAIRMAN. And he didn't have any plans when you arrived?

Mr. STELLMANN. Not a thing.

The CHAIRMAN. How did you arrive at the necessary information in order to start construction?

Mr. STELLMANN. We had to wait for it.

The CHAIRMAN. How long?

Mr. STELLMANN. We received our first preliminary lay-out on the date of October 2.

The CHAIRMAN. October 2? That is about 3 weeks after you first arrived.

Mr. STELLMANN. Yes, sir; that was just preliminary.

The CHAIRMAN. I see. Were any surveys made that you know of to show the ground elevation, as to where these buildings would be placed?

Mr. STELLMANN. No, sir.

The CHAIRMAN. Somebody just went out and drove down a stake and they said, "We will set the building here," and they did.

Mr. STELLMANN. We had to clear the property in order that they could make surveys.

The CHAIRMAN. I see. They couldn't even make the surveys until they had the brush off the property?

Mr. STELLMANN. That is right.

The CHAIRMAN. And they didn't know very much about the elevation of the land or how it lay as to drainage or anything of that sort?

Mr. STELLMANN. Apparently not.

The CHAIRMAN. Had you built any other camps or cantonments previous to this one?

Mr. STELLMANN. Personally I was identified with the construction at Camp Upton during the last war while in the employ of Thompson, Starrett Co., of New York.

The CHAIRMAN. Thompson, Starrett Co. was the predecessor of Starrett Bros.?

Mr. STELLMANN. No, sir; no connection whatsoever.

The CHAIRMAN. A different organization entirely?

Mr. STELLMANN. Different organization; yes, sir. It is still in existence.

The CHAIRMAN. I see.

Mr. STELLMANN. And later on, I was identified with a \$60,000,000 smokeless powder plant with Thompson, Starrett in West Virginia.

The CHAIRMAN. In the last war?

Mr. STELLMANN. In 1917; yes, sir.

Mr. FULTON. Mr. Stellmann, will you tell us something of the organization that Starrett Bros. actually brought to Camp Blanding to do this work?

Mr. STELLMANN. Well, we brought practically the entire key personnel, supplemented by the employment of these superintendents of the sewer and water-line construction.

Mr. FULTON. You mean by that that you brought practically the entire key personnel of Starrett Bros. & Eken?

Mr. STELLMANN. The key personnel of the job organization.

Mr. FULTON. But did you bring the entire key personnel of Starrett Bros. & Eken to this job?

Mr. STELLMANN. No, not the entire personnel; no, sir.

Mr. FULTON. I think it was testified by Mr. Loving that there had been representations to him that the Starrett Co. could do three or four jobs the size of this at once. Is that true?

Mr. STELLMANN. Well, I would say yes. At one time we were building the Empire State Building, the 40 Wall Street Building, and several other jobs during one period of time.

Mr. FULTON. That being so, it would appear that Starrett Bros. & Eken was in no way prevented from doing other work by taking this one.

Mr. STELLMANN. No, sir; with the possible exception of the finance situation.

Mr. FULTON. With the possible exception of finance?

Mr. STELLMANN. For the reason that we had considerable funds tied up in Camp Blanding.

Mr. FULTON. Do you know of any other work that you otherwise would have taken and financed that you were unable to take by reason of this?

Mr. STELLMANN. I wouldn't know that; no, sir.

Mr. FULTON. Have you ever heard of any such other work?

Mr. STELLMANN. No, sir; I haven't.

The CHAIRMAN. I have just run across a situation here in the paper which I think should go into our record, it is so unusual. The city of Ocala, Fla., is going to give something to the Government of the United States, and that is so unusual that I think we ought to call particular attention to it. Here is what the Associated Press dispatch says [reading]:

Ocala's city council by unanimous vote has decided it is time for Americans to think about giving to national defense instead of trying to gain something by it.

That is such an unusual proceeding I think we ought to put it in the record, and it is in connection with a thing in which the Government is vitally interested. [Reading further]:

Last night the council voted to give to the National Government a quantity of old aluminum the city has on hand. When City Manager E. P. Clark asked whether the city desired to sell the aluminum to the Government, Mayor M. C. Izler said, "I think the people of this country are just a little slack as to what is going on."

"I think so, too," declared President H. P. Bitting.

City Manager Clark said the city had a quantity of aluminum in old traffic signs and Superintendent S. J. Tankersley of the light and water department told the council the city also had some of the metal in obsolete meters.

The council voted to give it all for national defense.

If every city in the United States would do that I think we would help cure the present aluminum shortage. I just want to call attention to that for the record.

Mr. STELLMANN. It would help considerably.

The CHAIRMAN. Proceed.

Mr. FULTON. With respect to this estimated cost of Camp Blanding, will you tell us something about the differences between the estimates and the actualities and the reasons for them, so far as you know.

Mr. STELLMANN. Well, obviously, the estimate as prepared by the Government is entirely too low. I might mention a couple of items here in the matter of sewer. They allowed \$550,000, water \$450,000—incidentally there is a note on this sheet of the Government's mobilization housing estimate which says that—

Unit prices for buildings include 10 percent fee for utilities and overhead. The amounts given here are tentative set-ups required for extensions and alterations to existing utility systems

Mr. FULTON. The existing system would be included in the 10 percent that they had added not for the barracks, but for mess halls and otherwise. In other words, there are two estimates for water, one the part that is included in the buildings and other facilities, and the other the part for connections, which is what you are referring to; isn't it?

Mr. STELLMANN. \$450,000 for a water system.

Mr. FULTON. Which was to be in addition to the amount that they had allowed, supposedly, in the estimates for the other parts of the camp, which I think that note indicated were included to the extent of 10 percent, or were supposed to be included to that extent.

Mr. STELLMANN. That is what it says, "Unit prices for buildings include 10 percent fee for utilities and overhead."

Mr. FULTON. So when they say \$450,000 to be added to the existing, it wouldn't be that they had completely forgotten that fact, that there weren't any existing facilities, but they were referring to the 10 percent that they had added in the other estimate.

Mr. STELLMANN. I see; yes.

Mr. FULTON. Isn't that correct?

Mr. STELLMANN. That is the way it would appear here.

Mr. FULTON. Now with respect to water, you had no difficulty getting water for this camp, did you?

Mr. STELLMANN. No; but the point was this: That we had to construct 47 or 48 miles of water line.

Mr. FULTON. With respect to how many miles they estimated you would have to construct?

Mr. STELLMANN. There is nothing to indicate how many miles they expected would be required, nothing to indicate in the information that we originally received.

Mr. FULTON. When did they furnish you with information as to how many miles would be required?

Mr. STELLMANN. That was in the development of the plans only.

Mr. FULTON. That is, from week to week as the plans were developed they showed you certain places to put water mains without giving you any time, say, the full picture of where all the water mains would be at the camp.

Mr. STELLMANN. The first information available in regard to sewer plans was October 11, and water October 3. Now the plans were continually revised, and the final revision date of sewers was March 15, 1941, and water February 15, 1941.

Mr. FULTON. Did those revisions have the effect of making it difficult and therefore more expensive to plan the work on constructing sewers?

Mr. STELLMANN. I would say so, yes, sir. It prevented establishing a normal construction program.

Mr. FULTON. And would you say that the cost would have been considerably less had you had the plans from the beginning?

Mr. STELLMANN. I would say that the cost was affected by reason of the piecemeal fashion in which the plans were received; yes, sir.

Mr. FULTON. Would that also apply to the water mains?

Mr. STELLMANN. Yes, sir.

Mr. FULTON. And now, with respect to drainage, what would be the situation there where the estimate, as I understood it, was about \$1,000,000, and the actuality—well, that \$1,000,000 included the sewers and everything.

Mr. STELLMANN. Yes, sir.

Mr. FULTON. But the actuality was about \$3,700,000; according to Major Rundell it is not yet definitely known, on the theory that we may have to add further drainage.

Mr. STELLMANN. No program of underground drainage had been established up until the time that Major Rundell and Major Cochran arrived on the job. There was no program established. The few ditches that we dug or had dug were to relieve a condition to facilitate construction of the Thirty-first Division.

Senator BREWSTER. Had you or Mr. Hunter pressed for those plans?

Mr. STELLMANN. Yes, sir; we had.

Senator BREWSTER. And you were in communication with Mr. Solomon?

Mr. STELLMANN. Mr. Solomon and Major Larson.

Senator BREWSTER. And was that from the time that you arrived there?

Mr. STELLMANN. Yes, sir; it was our opinion that that was probably the first thing that we should have started, was the drainage system.

Senator BREWSTER. To get your pipes underground, and drainage?

Mr. STELLMANN. Yes, sir; as nearly as I could understand, there wasn't money available for that purpose.

The CHAIRMAN. There was no money available to make the survey?

Mr. STELLMANN. No money available for the construction of an underground drainage system.

The CHAIRMAN. How were they going to dispose of the sewage from 35,000 men?

Mr. STELLMANN. I am talking about the surface drainage, not the sewer system, Senator.

The CHAIRMAN. There was no money available for a drainage system for the camp, according to your information?

Mr. STELLMANN. That is right.

Mr. FULTON. You mean by that that no estimate at all had been made for that?

Mr. STELLMANN. For a drainage system; no, sir.

Mr. FULTON. And when was that first made available?

Mr. STELLMANN. Upon the arrival of Major Rundell and Major Cochran.

Mr. FULTON. They made the money available at the time?

Mr. STELLMANN. Yes, sir.

Mr. FULTON. Well, that time was about three and a half months after the contract had been let, I think; was it not?

Mr. STELLMANN. That is correct; December 20.

Mr. FULTON. Were you attempting to construct facilities in areas that should have been drained that were not drained?

Mr. STELLMANN. We were.

Mr. FULTON. And would you tell us something about the difficulties that that engendered?

Mr. STELLMANN. Well, it made it necessary in some cases for us to erect these buildings in swamp areas.

Senator BREWSTER. Then you had to move the buildings when you came subsequently to drain it?

Mr. STELLMANN. We did not move any buildings, Senator. We did shift quite a number of tents.

Senator BREWSTER. The tent form?

Mr. STELLMANN. Yes, sir; the tent bottom, the tent frames.

Mr. FULTON. Couldn't you have built those buildings on other land in the area which would not have had to be drained, and must not that have been the original plan when there was no original provision made for drainage?

Mr. STELLMANN. We certainly could have built the buildings elsewhere.

Mr. FULTON. But you had nothing to do with the selection of the area on which to build?

Mr. STELLMANN. No, sir; the plans were issued to us with instructions to follow them.

Mr. FULTON. Did you call attention to the fact that you were having to build in swamp areas that would have to be drained?

Mr. STELLMANN. Yes, sir; we did.

Mr. FULTON. To whom did you call the attention of that?

Mr. STELLMANN. To the constructing quartermaster.

Mr. FULTON. And your instructions were to go ahead and build?

Mr. STELLMANN. That is right.

Mr. FULTON. With respect to roads, did you get the roads built in before you had to use them for construction purposes, or were they both being built at the same time?

Mr. STELLMANN. The buildings and the roads?

Mr. FULTON. Yes.

Mr. STELLMANN. Of course, at the start of the job we had to use the log trails, but as fast as we could advance with the road work we finally did get ahead of the construction. I think I have some dates here. December 23 happened to be the date that I had in mind. At that time our roads were 73 percent complete on the job.

Mr. FULTON. Did you succeed in getting the essential supply routes finished before you had to use those routes for the transportation of materials?

Mr. STELLMANN. We did not; no, sir.

Mr. FULTON. Was that a source of additional expense?

Mr. STELLMANN. It was.

Mr. FULTON. With respect to the building of these roads, I think you have probably heard the testimony given in the last 2 days with respect to the camp; have you not? You have been present, have you not, during the last 2 days?

Mr. STELLMANN. Yes, sir.

Mr. FULTON. With respect to that, is it not true that giving a contract such as you gave to the McLeod and Wolfe organization amounted in fact to a subcontract where you naturally would have to pay them a profit for their organization and managerial skill?

Mr. STELLMANN. I wouldn't say so.

Mr. FULTON. Don't you call \$280,000 a profit?

Mr. STELLMANN. Well, that profit accrued from the sale of the material.

Mr. FULTON. The material was sold at 90 cents a ton and no part of that \$280,000 was included in that sale of the material, was it?

Mr. STELLMANN. I presume their profit came out of the sale of the material.

Mr. FULTON. As I understood Mr. McLeod this morning, the material was sold for 90 cents a ton and the profit which his organization made on that was not included at all in the McLeod and Wolfe profit of \$280,000.

Mr. STELLMANN. I didn't understand it that way.

Mr. FULTON. Is that news to you today?

Mr. STELLMANN. As I recall Mr. McLeod's testimony, I think he said that it cost him about 45 cents a ton to produce the limerock.

Mr. FULTON. That is right, and he bought it on behalf of the McLeod and Wolfe organization, from his own organization, the McLeod Co., at 90 cents, so that the material cost 90 cents, and he also bought some hundreds of thousands from other people at 90 cents, so that as far as the purchase of material is concerned that was a separate thing, entirely over and above and apart from the work of the McLeod and Wolfe organization.

Senator BREWSTER. I don't think he understands that you distinguish the profit of \$118,000 on the sale of material by McLeod to McLeod and Wolfe. He distinguishes that profit from the \$280,000 profit on the remainder of the contract.

Mr. FULTON. Do you understand that?

Mr. STELLMANN. I may not have understood Mr. McLeod, but as I gathered, he had a profit and Wolfe had a profit, and the total profit was some four hundred thousand-odd dollars.

Mr. FULTON. That is right. Now, when you are talking about the sale of materials, all that was involved there was just the question of buying the material, but that isn't the contract Starrett Bros. entered into with McLeod and Wolfe at all, is it?

Mr. STELLMANN. Essentially it is; yes, sir.

Mr. FULTON. Do you mean to tell me that the contract you entered into with McLeod and Wolfe was simply the purchase of materials?

Mr. STELLMANN. That is right, and we entered into a separate agreement to rent equipment.

Mr. FULTON. And that is all?

Mr. STELLMANN. That is all. That is a matter of record.

Mr. FULTON. And in that event, then, I assume that Starrett Bros. & Eken assumes full responsibility for getting those two things, namely, material and equipment, at the price that they paid to the McLeod & Wolfe organization.

Mr. STELLMANN. That is right.

Mr. FULTON. And you don't consider that you hired their organization and experience at all, but only that you bought materials and rented equipment. Is that correct?

Mr. STELLMANN. And they made available to us a superintendent and a supervisory organization to assist us in building the road.

Mr. FULTON. What I am trying to find out is whether you think you bought from the McLeod and Wolfe organization materials and the rental of equipment, or whether you intended to and did buy from that organization skill and management and their organization in the sense of superintendents and key personnel for road-building purposes.

Mr. STELLMANN. That was not the intent when we negotiated with McLeod and Wolfe.

Mr. FULTON. Well, now, which did you buy from them, material, or did you buy organization?

Mr. STELLMANN. We bought material from them.

Mr. FULTON. And you didn't intend to buy their organization at all; is that it?

Mr. STELLMANN. Not necessarily; no, sir.

Mr. FULTON. Then didn't you pay a tremendous price when they make a profit of \$130,000 from simply selling you material which

you could buy elsewhere for less money if that is the only thing you were buying?

Mr. STELLMANN. We were at the time unable to buy the material for less money.

Mr. FULTON. Couldn't you buy all the limerock you wanted at 90 cents a ton from people other than McLeod and Wolfe; and in fact, didn't they buy more from other people than you originally thought you needed?

Mr. STELLMANN. To the best of my knowledge, there was one other concern in Florida higher that could supply our requirements of material. It was the Duval Engineering Co. I personally contacted with Duval Engineering Co. when it became known that we were to construct limerock roads and consulted with the president of that company—I don't recall his name. He made known to me that he at that time was supplying 80 to 90 carloads of limerock to the naval air base, which was the limit of his capacity; that he couldn't sell us a ton of limerock. He also made known to me that all the available equipment that he had was in use at the naval air base and he had no equipment for rent.

Mr. FULTON. Then, as you understood the thing, you couldn't find a ton of limerock that you could buy at that time, and yet McLeod and Wolfe apparently found more than 300,000 tons, more than 350,000 tons, from persons other than themselves, and do you mean that Starrett Bros. & Eken were unable to find—I will withdraw that. Do you mean that Starrett Bros. could not find that 350,000 tons which McLeod and Wolfe did find in this area?

Mr. STELLMANN. That is right; we could not.

Mr. FULTON. You couldn't find even a ton of it?

Mr. STELLMANN. I didn't say we couldn't find a ton. We were looking for some concern that could supply our total requirements for the job, uninterrupted delivery.

Mr. FULTON. But McLeod and Wolfe found 350,000 tons, and the only person that you felt you should contact was one who told you he couldn't supply you even a ton, using your own words of a few minutes ago.

Mr. STELLMANN. Investigating the situation, I had no knowledge of any other source of supply other than Duval and the Wolfe and McLeod concern.

Mr. FULTON. But you do know that the Wolfe and McLeod concern procured 350,000 tons from other sources of supply which they at least found it perfectly possible to obtain in this area.

Mr. STELLMANN. That is right; I know that, yes.

Mr. FULTON. And is there any particular reason that you know of why Starrett Bros. & Eken, if they were capable of performing this job, couldn't have found the 350,000 tons just as well as the McLeod and Wolfe organization?

Mr. STELLMANN. I do not; no, sir.

Mr. FULTON. What I had in mind is this: Isn't it true that you didn't just buy the materials from McLeod and Wolfe—because, as a matter of fact, only part of the materials, less than half, were furnished by the McLeod organization—but what you bought was their organization, their supervision, experience, to put these tons of stone into roads of this camp?

Mr. STELLMANN. That is as it developed; yes, sir.

Mr. FULTON. And their organization to go out and find limerock in sufficient quantities?

Mr. STELLMANN. That is right.

Mr. FULTON. And also to find equipment in sufficient quantities.

Mr. STELLMANN. We had to bring in 16 carloads of equipment from the North in addition to the equipment that Wolfe and McLeod were able to supply us.

Mr. FULTON. For road-building purposes?

Mr. STELLMANN. Not altogether; not road-building purposes.

Mr. FULTON. That was the subject I was discussing. But at least you had to hire them to produce their road-building organization and equipment and in addition to obtain for you as much more as they could find in this area.

Mr. STELLMANN. That is right.

Mr. FULTON. Now, how much road-building equipment did you bring in yourself?

Mr. STELLMANN. We brought none in.

Mr. FULTON. Well, then, isn't it perfectly true that you were paid a fee by the Government for your organization and your supervision skill for road-building purposes and then turned around and hired, at further expense to the Government in the shape of the profit that had to be paid to the McLeod and Wolfe organization, their supervision and organization skill, so that the Government in effect paid twice for the same thing?

Mr. STELLMANN. I think the profit accrued out of the sale of the materials, and I believe, as nearly as I could determine, we would have had to pay that price for material regardless of where we bought it. The price of the limerock, as I understood at that time, was 90 cents a ton in the pits, had been 90 cents a ton, and is today 90 cents a ton.

Senator BREWSTER. Now, in addition to the 90 cents, there was a transportation cost of 70 cents. Is that right?

Mr. STELLMANN. Freight?

Senator BREWSTER. Yes?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. And then there was 45 cents more that was paid, wasn't it \$2.15 paid the McLeod and Wolfe concern?

Mr. STELLMANN. No, sir. The price to McLeod and Wolfe was \$2 per ton delivered through Starke. Afterward, \$1.75 a ton when we received the deliveries up at the camp site.

Mr. FULTON. The difference between the 90 cents and the \$1.75 or \$2 represented payment to McLeod & Wolfe for other services than the material, didn't it?

Mr. STELLMANN. Unloading, hauling, and placing?

Mr. FULTON. Yes.

Mr. STELLMANN. Yes, sir.

Mr. FULTON. So that the figures which I understood were developed this morning and to which you refer as a \$400,000 profit indicated \$118,000 profit on the material which McLeod sold to his concern and \$280,000 profit on the remainder of the deal, plus profit on the rental of the equipment. Now, I take it that it is to that latter profit to which Mr. McLeod refers as apparently compensation for their or-

ganization and their functioning, their carrying on of this job. Do you recognize that distinction?

Mr. STELLMANN. No; I do not, sir.

Mr. FULTON. Well, you don't understand that the whole \$400,000 profit was on the 90-cent cost of the material, do you?

Mr. STELLMANN. No, sir. That included the profit that developed in the rental of equipment as well. I understand that.

Mr. FULTON. Yes; rental of equipment was a \$120,000 item. But in addition there was a profit over and above the material which was furnished on the balance of the service which they rendered on this job.

Mr. STELLMANN. I believe they would get a profit on the handling of the material.

The CHAIRMAN. The profit is the difference between the price of the material, which is the cost on the job, and the 45 cents, which is the difference between \$1.85 and the \$2 which McLeod and Wolfe got for doing the business, wasn't that it? Mr. McLeod and Wolfe got the difference between \$1.85 and \$2 as their profit.

Mr. STELLMANN. \$1.75 and the 45 cents.

The CHAIRMAN. Well, the price was 90 cents at the quarry, and the freight was 70 cents. They didn't pay the freight, but the freight was in the \$2. They actually got about 45 cents a ton for putting this rock down and making roads out of it. It wasn't any good unless it was in a road, was it?

Mr. STELLMANN. No, sir.

The CHAIRMAN. And that profit which they made included their organization to superintend it and whatever else was necessary to be furnished on the job to make a road, and you had to have somebody who knew how to make a road before you could get one made. And McLeod and Wolfe furnished the brains and the ability to make that road and you paid them 45 cents a ton profit to do that.

Mr. STELLMANN. Well, that is apparently the way the figures work out; yes, sir.

The CHAIRMAN. All right; that is all I want.

Mr. FULTON. What I had in mind is this: If you agreed to do the job for a fee, which includes the organization and supervision skill on the road, why should you pay \$280,000 to another organization for furnishing that organizational skill which Starrett Bros. & Eken had represented to the Government that it would and could furnish? In other words, why should you pay more than the cost of renting the equipment and the cost of buying the material and the labor elements in putting it down, all of which you did pay, but why isn't that what you paid instead of that plus \$280,000 profit for furnishing organizational skill?

Mr. STELLMANN. I don't believe that we could have purchased the limerock for a less price than \$2 a yard, whether we used Wolfe and McLeod's personnel or other personnel.

Mr. FULTON. You mean——

Mr. STELLMANN (interposing). That was the price that we were compelled to pay.

The CHAIRMAN. Couldn't you have bought it from the quarries from Mr. McLeod for 90 cents a ton right at the quarry and had it

shipped and paid the freight and put it down just as well as McLeod and Wolfe could if you had had the organization to do it?

Mr. STELLMANN. If we wanted to go into the limerock business.

The CHAIRMAN. That is right; you were supposed to be able to go into the limerock business when you took the contract; you were supposed to be able to build roads, houses, sewers, and whatever was necessary to make that camp function. The facts of the case are, you hired McLeod and Wolfe to do the job you couldn't do; and if you had hired somebody to do the construction you probably would have gotten along a lot better.

Senator BREWSTER. I want to ask this question which may seem a little off, but I think it bears: There was some arrangement about the plumbing, for a southern concern to do some of that—Blythe, was it?

Mr. STELLMANN. The sewer and water.

Senator BREWSTER. Sewer and water by Blythe.

Mr. STELLMANN. Blythe Bros.

Senator BREWSTER. Did you pay them some fee for that supervision?

Mr. STELLMANN. We did, sir.

Senator BREWSTER. Out of your \$260,000?

Mr. STELLMANN. Out of our fee.

Senator BREWSTER. In other words, in that instance you recognized your responsibility to furnish that competent supervision which apparently the Government felt was lacking.

Mr. STELLMANN. That is right.

Senator BREWSTER. And I take it that Mr. Fulton's questions are directed to the point that the same situation apparently prevailed in connection with this road construction. Now, how would you distinguish?

Mr. STELLMANN. Well, the matter of limerock, as I say, in soliciting prices in the vicinity here, we could not purchase limerock at a lesser price than \$2 a ton delivered at Starke or at \$1.75 delivered at the camp. So we would have paid that price whether we had McLeod's organization or got another organization to supervise the work.

Senator BREWSTER. How long after your employment did the conversations with McLeod and Wolfe take place?

Mr. STELLMANN. When we learned that they were going to lay limerock roads.

Senator BREWSTER. And when was that?

Mr. STELLMANN. Oh, I would say about 8 or 10 days after we arrived on the job.

Senator BREWSTER. What was the date you started?

Mr. STELLMANN. We arrived September 10.

Senator BREWSTER. Well, I think Mr. Wolfe testified that it was around the 15th or so that he discussed this matter with you. I thought he said the 11th, but it seems incredible in view—

Mr. STELLMANN (interposing). No, that may be a little early. I am sure it is.

Senator BREWSTER. It was very soon after you arrived, at any rate.

Mr. STELLMANN. That is right.

Senator BREWSTER. And found out you were going to have limerock roads.

Mr. STELLMANN. That is right.

Senator BREWSTER. And when did you actually make your arrangement with him; do you know?

Mr. STELLMANN. I don't recall the date; no, sir. The date of the proposal, I think, was around, as I recall now, about the 16th of September.

Senator BREWSTER. That was the proposal from—

Mr. STELLMANN (interposing). Then we discussed the matter with Major Larson and I think probably 3 or 4 days later it was settled.

Senator BREWSTER. Then between the 10th of September, when you took this job in New York, your arrival here, determination to use limerock, proposal by them on September 16, which would be 6 days later, and closing on approximately the 20th, you satisfied yourself, in addition to all the other complexities of this operation, that you could not do any business with anyone other than McLeod and Wolfe.

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. You canvassed the field of Southern supply possibilities and decided that there was no other recourse but the McLeod and Wolfe contract.

Mr. STELLMANN. We canvassed the limerock dealers; yes, sir.

Senator BREWSTER. And it resulted in this very advantageous contract for which the Government apparently paid a great deal for the managerial ability of McLeod and Wolfe for which you had previously agreed to accept \$268,000 fee yourself. Isn't that the result?

Mr. STELLMANN. Well, after all, these men we employed, formerly employed by McLeod and Wolfe, were working under our direction.

Senator BREWSTER. Yes; the same as your organization transferred its employees to the Government pay roll, exactly analogous. If that is all there were to it, if that organization had been turned over without the extremely substantial compensation for managerial ability of the organization, I don't think your organization would have been subject to criticism, but that was exactly what did not occur. Now, how did you establish contact with McLeod and Wolfe?

Mr. STELLMANN. McLeod came into the office.

Senator BREWSTER. Where?

Mr. STELLMANN. Down here at the mess hall in the National Guard area where we were located at the time, and inquired about a subcontract to construct the roads.

Senator BREWSTER. Had you contemplated that you would use subcontractors on this job for this work?

Mr. STELLMANN. No, we hadn't. As far as we were concerned we were supposed to do the work ourselves and not subcontract for anything except the plumbing, heating, and inside electrical work.

Senator BREWSTER. So that to the extent that this had the aspects of a subcontract it would not have been in accordance with your agreement and understanding.

Mr. STELLMANN. Senator, I didn't quite get that.

Senator BREWSTER. To the extent that this had the aspects of a subcontract it would not be in accordance with your agreement and understanding with the Government.

Mr. STELLMANN. That is right.

Senator BREWSTER. To the extent that this had in it anything other than the purchase of materials, would that be correct?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. It is extremely difficult for me to understand how you treat this as simply a purchase of materials when it was to be delivered and laid down on the job. There was quite a good deal more to this than that, and it apparently had an expedition that is strange. This thing was done very fast.

Mr. STELLMANN. We had to move fast. We had 90 days' time limit on the job to attempt to build the camp to accommodate a division of troops. It was important that we get roads on the premises. That was the principal thing that we needed most. That was the first thing that we had to move. We had to get roads built, some kind of roads.

Mr. FULTON. When did you conclude that Starrett Bros. didn't have an organization sufficient to supervise this themselves?

Mr. STELLMANN. To supervise?

Mr. FULTON. To supervise the building of roads, because that is what you bought.

Mr. STELLMANN. Well, we had never had any experience with lime-rock road construction.

Mr. FULTON. When did you conclude that for the first time, that you had no experience?

Mr. STELLMANN. When we learned that the limerock roads were required on this reservation.

The CHAIRMAN. What sort of roads did you expect to be required to build on this job?

Mr. STELLMANN. We rather expected they might be concrete roads.

The CHAIRMAN. Had you had experience in construction with concrete?

Mr. STELLMANN. Yes, sir.

The CHAIRMAN. If it had been concrete roads you would have done your own construction?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. Are you making claim for additional compensation for the Starrett Bros. on this job?

Mr. STELLMANN. We haven't made any claim. I presume we will make a claim.

Mr. FULTON. I asked the company to furnish us with a statement of how much it feels it should claim. That has been a question that has been asked over a period of several weeks. What is the company's answer to that question?

Mr. STELLMANN. You may have that answer at your office in Washington now. I know that the treasurer was working on it.

Mr. FULTON. What did the treasurer tell you the answer would be? He understood you were to testify here.

Mr. STELLMANN. It depends on the basis at which the extra work will be figured.

Mr. FULTON. I am just asking the simple question: Does the Starrett Bros. Co. claim a further fee, and, if so, how much?

Mr. STELLMANN. Yes, sir; they intend to claim a further fee.

Mr. FULTON. And how much?

Mr. STELLMANN. I think Mr. Vogt had in mind \$600,000 total.

Mr. FULTON. On what basis do they ask for \$600,000? Do you mean total or additional?

Mr. STELLMANN. Total.

Senator BREWSTER. That is \$268,000 plus \$342,000.

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. Which would somewhat more than double the original arrangement.

Mr. STELLMANN. Yes, sir.

Mr. FULTON. Now, on what basis does Starrett Bros. think it is entitled to that additional amount?

Mr. STELLMANN. Based on the additional facilities constructed.

The CHAIRMAN. Don't you think the Government ought to take credit for \$240,000 on the road construction if they even consider the allowance of a claim of that sort?

Mr. STELLMANN. Perhaps you could ask them for it.

Mr. FULTON. Does your organization have any intention of giving any credit for the organizational skill which it bought from McLeod and Wolfe for \$280,000 which was paid by the Government?

Mr. STELLMANN. I don't expect so.

Mr. FULTON. And would you give us your opinion as to whether the Starrett Bros. should not have charged against them the cost of buying what they agreed to furnish but did not furnish?

The CHAIRMAN. You can't answer that question?

Mr. STELLMANN. I don't think so.

Mr. FULTON. At any rate, so far as you know there is no intention to give any credit for that \$280,000.

Mr. STELLMANN. I don't expect so.

Senator BREWSTER. How many men from your organization were transferred to the job?

Mr. STELLMANN. I don't recall the exact number. Probably 18 or 20.

Senator BREWSTER. Approximately. We had a list of 14 and that approximated it. You think there may have been 2 or 3 more?

Mr. STELLMANN. Yes, sir. There were other men. That covered a certain range of salary, but there were other men that rated less.

Senator BREWSTER. You recall the items which I pointed out yesterday where there were 50 to 60 percent increases in the compensation. Was that a result of the men being given a more responsible position here than they had with the Starrett Bros.?

Mr. STELLMANN. Those rates, I believe, were effective as of January 1. There were some increases put through January 1 which prevailed to the end of the work. I don't know who those particular fellows are. There are certain men in our employ who were working in subordinate positions.

Senator BREWSTER. In your organization?

Mr. STELLMANN. That is right; in our organization in subordinate positions, pending further business where we could put them in the jobs for which they were intended. That is true today. Right now certain fellows who came off this job have accepted subordinate positions on other work with us at the present time, with reduced salary.

Senator BREWSTER. In other words, the increase from 4,000 to 6,500 by individuals represented cases where the man was given more authority and responsibility in the Government position than he was formerly occupying at that time in your organization.

Mr. STELLMANN. That is correct, sir.

Senator BREWSTER. Of course, that might have two interpretations, one that you promoted some subordinates rather rapidly; the other, that they were, as you say, men who were operating on a depressed scale. It does have an unpleasant aspect as far as the Government is concerned, who are paying here, in some instances, almost twice what the men were previously receiving.

Mr. STELLMANN. I think I recall one instance where that happened. I think the chap's name was Fee.

Senator BREWSTER. Yes.

Mr. STELLMANN. He had entire charge of the layout of all the building work on the camp site—very competent, and right now he has a subordinate position with us, and despite the fact that he could have gotten employment elsewhere for more money, he elected to remain with Starrett Bros. & Eken.

Senator BREWSTER. That was the advantage of this contract last September to the Starrett Bros., that it helped them to get their organization together through this last winter.

Mr. STELLMANN. That is so; yes, sir.

Senator BREWSTER. That was a decided advantage.

Mr. STELLMANN. This particular chap, if I recall, too—I think he is on that list—maintained a home and expected to come down here for 3 months, he maintained a home in New York for a wife and three children, and I know that he lived under considerable expense here, up here at that Penney Farm Inn. In addition to that, I know of occasions where he got out of bed at 4 o'clock in the morning and came down to the job, and I doubt that there was a week on the job that he wasn't on the reservation 7 days a week and sometimes entire nights.

The CHAIRMAN. He didn't work 40 hours a week, in other words.

Mr. STELLMANN. No, sir.

The CHAIRMAN. He didn't get time and a half for overtime, either, did he?

Mr. STELLMANN. No, sir; he did not.

Senator BREWSTER. I think they have called attention to the fact that in general there was an approximate 20-percent shift covering the pressure of the work and the expense of moving from New York to Florida, but these instances which I spoke of were far in excess of anything of that kind. The names in particular that I referred to were Mr. Edward Fee. Is that the one you spoke of?

Mr. STELLMANN. That is the chap I just spoke of. I remembered his case particularly.

Senator BREWSTER. And Mr. Albert Griffith, Mr. George Ogilvie. Do you recall those cases?

Mr. STELLMANN. Yes, sir; I do.

Senator BREWSTER. They all had increases of approximately 40 to 50 percent.

Mr. STELLMANN. Those two chaps had charge of the mill, the pre-fabrication of the buildings, and the distribution and erection of the buildings. Previous to coming down here they were employed as carpenter foremen on other work. Their responsibilities were considerably greater. They were required to put in a great many

more hours of time. On the previous job they worked 5 days a week, 7 hours a day.

Senator BREWSTER. I don't know about the scale of pay down here, but I know up in the State of Maine those are not the wages that the superintendent of a sawmill ordinarily receives.

Mr. STELLMANN. Well, that, of course, was something more, Senator, than a sawmill, I would say. It required a considerable amount of ingenuity to develop that plant, lay out those buildings, every building had to be redrawn, redesigned, you might say, and templated.

Mr. FULTON. Redesigned? Didn't the architect-engineer design these buildings?

Mr. STELLMANN. Redesigned to the point where they were built in sections.

Mr. FULTON. There were classes of buildings, weren't there, for each regimental area? Kitchens, bathhouses, and latrines? And they were all exactly alike, weren't they?

Mr. STELLMANN. That is so.

The CHAIRMAN. And the warehouses I noticed were all exactly alike. The only buildings that were different were the two laundry buildings and the hostess houses and places of that sort, and they didn't look to me like they were anything but sawed and hatched buildings.

Mr. STELLMANN. That is so, but we had to erect 30 to 40 buildings a day.

Mr. FULTON. Millwork redesigning at the mill. Divide them up.

Mr. STELLMANN. The standard drawings naturally would differ in construction of details of prefabrication.

Mr. FULTON. In other words, the Army, in providing you with drawings which it had prepared, did not provide them in sufficient detailed information for you to know how to put them through a mill without yourself redesigning them.

Mr. STELLMANN. That is right. The spacing of the studs became different.

Mr. FULTON. In other words, you had to change the plans as they were handed to you.

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. Mr. Stellmann, the only puzzle I find in this thing is that you apparently were one of the two men whose salary was cut when you were transferred down here. Why was that? Why were you singled out?

Mr. STELLMANN. I think it was intended to be the same except on a weekly basis it worked out a little less over a year's period.

Senator BREWSTER. Why didn't you get any of this 24-hour-a-day stuff, allowance for the added expense of living in Florida?

Mr. STELLMANN. That is the limit allowed by the Government, \$9,000 a year.

Senator BREWSTER. So you just had to take it.

Mr. STELLMANN. I just had to take it, that is right.

Mr. FULTON. How long did it take to build that Metropolitan Life housing development up in New York?

Mr. STELLMANN. I would say approximately 2 years.

Mr. FULTON. Is it more or less than 2 years?

Mr. STELLMANN. I had very little to do with that job. I really don't recall the starting date. We are still working up there.

Mr. FULTON. I thought it would run on way beyond 2 years.

Mr. STELLMANN. Well, the apartment houses themselves are completed. What is happening now, for instance, is that R. H. Macy is renting a portion of two buildings there to put a department store in, which requires extensive changes. There was quite a business section that had to be developed as rentals were consummated.

Mr. FULTON. At any rate, it extended over at least a 2-year period.

Mr. STELLMANN. It may have been slightly over two. I am not familiar with the dates.

Mr. FULTON. As against that, this camp was supposed to be a 3-month job, and has actually run 4 or 5 or more, has it not?

Mr. STELLMANN. That is right, sir.

Mr. FULTON. And would you say that Metropolitan Life was a more complicated type of construction work than this?

Mr. STELLMANN. Yes, sir.

Mr. FULTON. And required more managerial skill, more key organization?

Mr. STELLMANN. I don't believe it would require more key organization because of the element of time involved.

Mr. FULTON. But it required a better type of organization, in that it does have inherently many more difficult construction problems than any such thing as a tent camp.

Mr. STELLMANN. Yes, sir.

Mr. FULTON. And yet I note that on that \$60,000,000 project you are only asking for \$900,000 fee, whereas on this Camp Blanding project, even at the expanded rate of \$30,000,000, which includes a lot that we all wish could have been saved, you want \$600,000, so if you had asked for a comparable fee for the Metropolitan Life you would have been asking for \$1,800,000, or double what you did ask. Why do you feel that you should get twice as much for your managerial services on Camp Blanding proportionately as you got from the Metropolitan Life on a cost-plus-a-fixed-fee-contract basis for that more complicated construction?

Mr. STELLMANN. Of course, that is a matter of company policy. I certainly can't say about that. However, it may be the financial end of it. The Metropolitan Life Insurance Co., as I understand it, make available to the company funds to prosecute that work almost week to week. In other words, they have practically no financial investment.

Mr. FULTON. And that would be the explanation for the double fee?

Mr. STELLMANN. It may be, sir. I wouldn't say that is the explanation of the double fee. I am just citing an explanation of why they do that work at that small fee.

The CHAIRMAN. How much money did Starrett & Eken have to borrow to carry on this job?

Mr. STELLMANN. Senator, I really don't know that. I do know that they had invested here something close to \$3,000,000 for a considerable period of time. Just how much they had to borrow, I would have to ask the treasurer.

The CHAIRMAN. You know we asked Mr. Hunter to come here and he had business elsewhere in the country. We can probably get him in Washington and probably get all this information.

Mr. STELLMANN. Mr. Hunter, of course, is out starting two other housing jobs for the Metropolitan Life Insurance Co., one in Los Angeles and one in San Francisco, and I believe he spoke to Mr. Stix or someone and told him that he had to go out there, and asked whether or not he should go ahead or should remain. I guess at that time you didn't know what the program was.

The CHAIRMAN. We will talk to him later in Washington.

Mr. STELLMANN. Surely.

Mr. FULTON. With respect to this estimated cost which you say was way too low, how soon did you inform the War Department that it was too low, and how soon did you give the War Department accurate estimates of cost?

Mr. STELLMANN. The estimates of the cost generally were handled by Major Larson and Solomon & Keis.

Mr. FULTON. How did you inform them that you considered those way too low, or, in fact, did you ever do that?

Mr. STELLMANN. Not directly. We did not notify the War Department, no, sir; only working through Major Larson.

Mr. FULTON. As a matter of fact, when the War Department was attempting to get estimates as to what the cost would be for the purpose of further appropriations, wasn't it true that you people had an estimate below the one that they made, which estimate later, in fact, was found to be low?

Mr. STELLMANN. I don't believe so. Sometime just previous to the change in administration on the job there we presented an estimate that was reduced by Major Larson of his own free will and accord.

Mr. FULTON. Isn't it true that about the 15th of December an estimate was supposed to be prepared and that that estimate was increased in Washington rather than decreased, and even then was found to be under present circumstances \$8,000,000 too low?

Mr. STELLMANN. It may have been increased; they may have increased the estimate that Major Larson presented. As I recall, we had given him certain information, certain figures, and he prepared an estimate with the assistance of Solomon & Keis that was less than our estimate, that was afterwards increased by the War Department in Washington.

Mr. FULTON. Can you tell us how much your estimate was, the one that you people made yourselves, for which you alone would have been responsible?

Mr. STELLMANN. I have a chap here with me who perhaps has those figures. If you care to, I will be glad to have him give that to you.

Mr. FULTON. Couldn't you tell us what your estimate was?

Mr. STELLMANN. I believe it was something in the neighborhood of \$20,000,000.

Mr. FULTON. And that was about what date?

Mr. STELLMANN. Around the 15th of December.

Mr. FULTON. And does that mean, then, that Starrett Bros., as well as the War Department, couldn't guess within 50 percent of the actual amount?

Mr. STELLMANN. Of the total cost, Mr. Fulton?

Mr. FULTON. Yes; even after 3 months on the job.

Mr. STELLMANN. Well, there were continual additions, work being added.

Mr. FULTON. And you had \$10,000,000 worth of work in the form of new additions after the 15th of December?

Mr. STELLMANN. Well, there was considerable work added after the 15th of December.

Mr. FULTON. But nowhere near that?

Mr. STELLMANN. Various D-1, D-2, C-1, and C-2 additional water and sewer.

Mr. FULTON. As far as I understand it, you knew the 15th of December that the New England Division was coming in and you knew it was a two-divisional camp.

Mr. STELLMANN. That is right, sir.

Mr. FULTON. So here was really no major addition after the 15th of December, was there?

Mr. STELLMANN. There was the addition of the other areas, D-1, D-2, C-1, C-2, plus the paving of the motor-parking areas, plus the painting of all the buildings, amounting to some half a million dollars of painting.

Mr. FULTON. What was the total estimate for this additional work?

Mr. STELLMANN. In the final analysis it was around \$27,000,000.

Mr. FULTON. No; that is the total cost of the camp. I asked for the total estimate of the additional work which was authorized only after the 15th of December, what part of the \$10,000,000 extra cost was due to that estimated additional work.

Mr. STELLMANN. I really haven't that figure in mind.

Mr. FULTON. Would your auditor that you spoke of have it?

Mr. STELLMANN. He may have that; yes, sir.

Mr. FULTON. Would you ask him for it?

The CHAIRMAN. Do you solemnly swear that the testimony you are about to give in this proceeding will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COLLIN. I do.

TESTIMONY OF CHARLES E. COLLIN, TREASURER-COORDINATOR, STARRETT BROS. & EKEN, CAMP BLANDING, FLA.

The CHAIRMAN. Give the reporter your name and connection.

Mr. COLLIN. Charles E. Collin, Camp Blanding, Starrett Bros., treasurer-coordinator.

Mr. FULTON. Will you tell us how much the Starrett Bros. estimate was for this work that was later authorized after the 15th of December?

Mr. COLLIN. About \$20,500,000.

Mr. FULTON. You still misunderstand. The \$20,000,000 was the amount on December 15. Now, that is \$10,000,000, or approximately \$10,000,000, less than the cost that we now understand. What I had in mind is how much did Starrett Bros. estimate the additional work to cost which was authorized after December 15 and which was just described by Mr. Stellmann, namely, motor parkways and a couple of others?

Mr. COLLIN. The estimate that was submitted on December 15 was about a million five hundred thousand.

Mr. FULTON. But my question had to do with the work after that time which was authorized. How much did you estimate that additional work would cost?

Mr. COLLIN. I can probably express it better in percentages. The scope of the job was increased 32 percent.

Mr. FULTON. After the 15th of December?

Mr. COLLIN. I can't recall the exact date. When the additional buildings were added, over and above the requirements for the Thirty-first and Forty-third Divisions, the job was increased 32 percent by volume.

Mr. FULTON. And that is after the 15th of December estimate that you had made.

Senator BREWSTER. He doesn't know.

The CHAIRMAN. That was after the estimate had been made for the two-division camp?

Mr. COLLIN. After the estimate had been made for the two-division camp.

The CHAIRMAN. There was 32 percent added after that?

Mr. COLLIN. Yes, sir.

Mr. FULTON. Do you know whether that was after you had made that \$20,000,000 estimate, which is what I am trying to ascertain?

Mr. COLLIN. I am trying to recall the exact date. As a matter of fact, that \$20,000,000 estimate was December 1. I think that is pretty close to the date. I don't have that particular estimate with me. I can't remember the exact date of it.

Mr. FULTON. As I understood it, the architect-engineer——

Major RUNDELL (interposing). Mr. Fulton, if I might interrupt, I might suggest that the function and preparation of cost estimates is the function of the architect-engineer and not of the contractor.

Mr. FULTON. Yes; but I wanted to ascertain how far the question of disparity, which is something the contractor would do as well as the architect-engineer, would go, because I understand there will be a claim for further fees on the basis that the estimates weren't correct. We have just heard a request for \$600,000 fee. I am asking whether the contractor himself could estimate this contract, even after he had been on it 2 or 3 months, with any degree of accuracy.

Now, as I understood it, your estimate of \$20,000,000, in accordance with the present cost, is \$10,000,000 off. Part of that \$10,000,000 would be because of increases after the estimate, and I was trying to find how much those increases were.

Mr. COLLIN. Let me put it this way. All estimates that have been made on this job were based on commitments as of a certain date, set up against percentage of work completed, to determine the total cost. Now in estimating the cost of the job on the basis of the commitments, there are a great many hidden costs which develop as the job goes on, such as overtime. We had no idea how much overtime had been spent because we had no cost system functioning at that time, and overtime as an item alone was a million and a half dollars, subsequently increased the cost, and might not have been reflected in that adjusted estimate. And there were wage increases which amounted to about a million and a half dollars which were reflected in those estimates.

Mr. FULTON. In the \$20,000,000 estimate?

Mr. COLLIN. Not the \$20,000,000 estimate.

Mr. FULTON. Well, can you tell me this: How much was the extent of the work increased over the original amount that you agreed to do for \$268,000?

Mr. COLLIN. Thirty-two percent; that is the increase in the scope of the job.

Senator BREWSTER. From beginning to end?

Mr. COLLIN. From beginning to end.

Mr. FULTON. At the most, wouldn't the increase in your fee be limited under any maximum conditions to 32 percent of \$268,000, or an increased fee of somewhere in the neighborhood of \$90,000 instead of \$240,000?

Mr. COLLIN. Not necessarily, because in the original fee calculation, proper consideration wasn't given to utilities, which increased about 150 percent.

Mr. FULTON. The entire total is 32 percent increase, as I understood it.

Mr. COLLIN. That is right.

Mr. FULTON. Including utilities.

Mr. COLLIN. Including utilities after they were adjusted to a reasonable figure, which meant an increase of about 250 percent because they were 150 percent too low.

Mr. FULTON. Then I take it part of this increased fee is on the basis that you are asking for a larger fee than you had agreed to accept on the volume of work that you agreed to perform.

Mr. COLLIN. Let's put it this way. The original buildings, allowance was about, in round numbers, say \$7,000,000 for buildings; utilities about two-million-some-odd dollars. Now those utilities should have been about between five and six million, which would bring an adjusted cost of somewhere around \$13,000,000.

Mr. FULTON. Well, on the same basis, the buildings should have been more; isn't that true?

Mr. COLLIN. That cost should be adjusted further by a 32-percent increase.

Mr. FULTON. But what I have in mind is you are not satisfied with the fee that you agreed to take on the job as it originally was represented to you, on the theory that the work was more expensive.

Mr. COLLIN. The work was misrepresented in scope.

Mr. FULTON. If that same theory should be applied throughout the United States on all the camps there would be claims of millions of dollars against the Government; would there not?

Mr. COLLIN. There should be, yes; probably would be.

Mr. FULTON. You propose, at any rate, to make such a claim on behalf of Starrett Bros.?

Mr. COLLIN. I think the claim is reasonable. I think we can support our claim at the proper time with figures.

Mr. FULTON. And that despite the fact that the rate of percentage of fee that you are asking would be double the one that you asked and obtained from Metropolitan Life.

Mr. COLLIN. Let's look at it from this angle. The original fee as computed developed about 3 percent of the total cost.

Mr. FULTON. Which, in my opinion, was very, very high.

Mr. COLLIN. That is a matter of opinion.

Mr. FULTON. Well, it is double the percentage you got from the Metropolitan Life, isn't it? Isn't that true; that it is more than double the percentage you got from Metropolitan Life?

Mr. COLLIN. Yes; but so is the sliding scale in fees. The bigger the job the smaller the percentage; we could do a billion dollars' worth of work and not necessarily expect the same fee in proportion.

Mr. FULTON. That is why I think these camps shouldn't be getting such high percentage fees and that you should have regard for the profits of the company rather than just a percentage.

Mr. COLLIN. If we get the fee that we expect to get or hope to get we will probably wind up with $1\frac{1}{2}$ or $1\frac{3}{4}$ percent, so the fee in actual percent is less than it would have been on the original basis.

Mr. FULTON. Would you tell me how much your nonreimbursable expense totals?

Mr. COLLIN. Nonreimbursed expense?

Mr. FULTON. Including the interest on the money you borrowed.

Mr. COLLIN. I think Mr. Stellmann can answer that.

Mr. STELLMANN. I think that will amount to something like \$75,000.

Mr. FULTON. And that has been computed in accordance with the requests that I have made from time to time?

Mr. STELLMANN. They were working that up; I guess that is what delayed the answer to your request. Certain figures had to be obtained.

Mr. FULTON. So that for the loan of Mr. Hunter's services and the loan of the key personnel who were paid by the Government more than your company was paying, you expect a total remuneration of \$525,000.

Mr. COLLIN. Plus about \$3,000,000 in cash.

Mr. FULTON. You have already charged in your nonreimbursable expense all the interest you have spent for money you have borrowed, have you not?

Mr. COLLIN. I don't know.

Mr. STELLMANN. I expect so; yes.

Mr. FULTON. Mr. Stellmann, isn't it true that the principal item in that \$75,000 would be the interest on the money you borrowed?

Mr. STELLMANN. Plus the fee of Blythe Bros., \$26,660. I think probably that is one of the larger items.

Mr. FULTON. Then really your nonreimbursable expense, if you had performed the whole job yourself, would have been about \$50,000, including interest.

Mr. STELLMANN. That would be so; yes, sir.

Mr. FULTON. So that leaves \$550,000 to pay for Mr. Hunter's 75 percent of his time and the loan of the right to pay your key personnel more salary than they were obtaining from your company. Is that correct?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. On this list of 14 men which we have here, representing administrative and supervisory employees transferred, are you familiar with that list?

Mr. STELLMANN. I expect I have seen it.

Senator BREWSTER. If you will look that over and advise me whether or not all of those men had been in the employ of Starrett Bros. during the year 1940.

Mr. STELMANN. Yes, sir; every one of them—no—yes; that is right. There is one chap here I didn't recall had been in our employ, but he was. That is right, every one of these men.

Senator BREWSTER. Were they steady employees or intermittent?

Mr. STELMANN. Generally, with two exceptions, they were steady employees; yes, sir.

Mr. FULTON. How many key personnel of similar capabilities were obtained for this job other than those which were obtained from that list of Starrett Bros.?

Mr. STELMANN. I didn't quite get that, Mr. Fulton.

Mr. FULTON. When you hired the road superintendent and various other people from the McLeod-Wolfe organization.

Mr. STELMANN. That is right.

Mr. COOKE. Let's see if this list will refresh your recollection.

Mr. FULTON. And you hired various people from other sources to help in this job. Now, how many key personnel of comparable character were furnished to this job who were not from Starrett Bros.?

Mr. STELMANN. About 19 or 20, Mr. Fulton.

Senator BREWSTER. Outside of the ones you transferred, is that correct?

Mr. STELMANN. That is right, sir.

Senator BREWSTER. That is, you got outside of your organization more men than you turned over inside.

Mr. STELMANN. That is right.

(Senator Brewster assumed the Chair.)

Acting Chairman BREWSTER. That will be all, Mr. Stellmann, at this time. We will ask Major Rundell to take the stand unless you have some further statement that you would like to make.

Mr. STELMANN. No; I really haven't, sir.

(Mr. Stellmann was excused.)

Acting Chairman BREWSTER. Major, have you any additional statement that you would like to make?

TESTIMONY OF MAJ. JAMES R. RUNDELL, CONSTRUCTING QUARTERMASTER, CAMP BLANDING, FLA.—Resumed

Major RUNDELL. With regard to the list submitted to the Senator, that list is probably a partial list of the employees of Starrett Bros. & Eken. It is a list of all the employees beyond \$100 a week. There may be some minor employees who were either members of Starrett Bros. & Eken's original organization or were hired on from other sources to the pay roll. That should be clarified in the record.

Acting Chairman BREWSTER. This doesn't show the date under which it was made up.

Major RUNDELL. That date was approximately March 1. It was the practice of the constructing quartermaster from January 1 to the completion of the fixed-fee contract of Starrett & Eken to secure weekly a list of all employees who drew more than \$100.

Mr. FULTON. On the theory that that would be a list of the key personnel.

Major RUNDELL. Correct.

Acting Chairman BREWSTER. If you will identify and put it in as an exhibit we would like to have that as an exhibit.

Major RUNDELL. I have here, Senator, the original, which is a duplication of the list submitted.

Acting Chairman BREWSTER. We would like to have a duplicate for our files, if you have a duplicate. Put one in the record and then let us have the other one.

Major RUNDELL. I will submit this as the original.¹

Acting Chairman BREWSTER. Is there any other matter, Major?

Major RUNDELL. The matter of this chart which was brought up prior to the recess.

Acting Chairman BREWSTER. Yes.

Major RUNDELL. I have available, as I mentioned in the testimony this morning, a larger chart which I have checked through the recess. I find that the pay-roll statements shown on the small chart² introduced by yourself are approximations, and Mr. McKenzie has so stated to me on the back of the statement and I believe will confirm that as a matter of record if he is here in court.

The essential information as to peaks of construction form a chart of progress which has been expanded in the larger chart to include the earned-rental and leased-equipment chart. There are some minor differences between the two charts, in the pay-roll statements. Mr. McKenzie's chart, if it can be identified that way, shows merely approximations of pay rolls. These are actual pay rolls as taken from the record. The percents of progress are drawn, in the case of the large map, from our weekly progress reports filed with Washington. These may show some small amount of difference, the percentages not being indicated except at periodic spots throughout the progress of the chart. With those two exceptions the two charts are identical in their substance.

Acting Chairman BREWSTER. Will you file the chart to which you are referring with us and have it available?

Major RUNDELL. With the following comment, sir.

Acting Chairman BREWSTER. Will you identify that?³

Major RUNDELL. For the record I would like to make a statement by stating that you will notice the deep depression in the middle of the chart.

Acting Chairman BREWSTER. Yes.

Major RUNDELL. That is occasioned by a 2-day suspension of operation at the time of the Christmas holidays and does not show normal construction.

Acting Chairman BREWSTER. That wasn't the result of your arrival.

Major RUNDELL. No, sir.

Acting Chairman BREWSTER. Will you let me see the chart, if you please. That was just after you got there.

Major RUNDELL. Yes, sir.

Acting Chairman BREWSTER. Now, how do you describe this line of theoretical progress?

Major RUNDELL. That is a straight line of theoretical progress. It can be interpreted in two ways. It can be shown as a straight line of progress based on weeks, as indicated down here, or can be a sine curve which would show a slight variation. The theoretical progress

¹ Admitted supra, p. 1066, as Exhibit No. 58. See also Starrett Bros. & Eken personnel chart, appendix.

² Exhibit No. 63, appendix, p. 1255.

³ Exhibit No. 65, appendix, faces p. 1256.

is drawn on the straight line for simplification purposes, and I believe shows an anticipated schedule of construction drawn from the point of beginning, inception of the job, through to the corrected completion date. There is some variation in the theoretical progress chart between this small one filed in approximations by Mr. McKenzie and this filed by the engineer of the constructing quartermaster from actual pay-roll data.

Acting Chairman BREWSTER. There is one line here which isn't designated, showing percentages of completion, I assume, at various weeks.

Major RUNDELL. That is based upon the regular weekly report of the constructing quartermaster to the office of the Quartermaster General in Washington. It is shown in the weekly report as a thermometer chart, a series of bulbs and a bar chart rising vertically, showing the actual percentage of completion of the camp.

Acting Chairman BREWSTER. How nearly does this correspond to the usual lines in work of this character?

Major RUNDELL. It is not out of line except for the disproportion indicated which I mentioned before, the serious dip here, and the accentuation in this particular portion of the graph occasioned by the placing of a large number of painters on the work during that week.

(Senator Truman resumed the chair.)

Major RUNDELL. In other words, the painting was determined to be an extra-work item. Painters were thrown on in large gangs, and naturally the pay-roll graph will rise as of that particular week.

Senator BREWSTER. This shows a jump from 48 percent on January 10 to 67 percent on January 17.

Major RUNDELL. That can be occasioned by two reasons, Senator. One is the adjustment of the anticipated work; in other words, the receipt by the quartermaster in the field of the so-called supplement to the original project. The second factor pertains to that marked increase as the policy determined by the Quartermaster General, and followed in the field, not to show on a progress report by weeks anything other than a completely finished piece of work or operation. Therefore, a building might be 99.9 percent complete in a given week, and one doorknob be missing; until that doorknob was introduced to that particular building it would not be shown as complete. Therefore, the following week there might be a marked increase beyond a normal to be anticipated from the amount of work, or the number of days progressed.

Mr. FULTON. I understood in some of these camps as they approached 100-percent completion they had a certain amount of difficulty not going over.

Major RUNDELL. That may be true. I don't think it is true in the base of Blanding, because it was anticipated early in the game.

The CHAIRMAN. Major, can you tell me something about the rumors that we have heard that there were men arrested on the job down there and forced to pay fees to the union, of \$150 a head, before they would be let out on a job?

Major RUNDELL. I have heard the same rumors, Senator. To be truthful, I do not know of the fact, beyond this, that delegates of the union, when they violated the police functions of the camp, in other

words, when they were guilty of a breach of the police function in the camp, were picked up and incarcerated. At the same time we had a rule in the construction division, at least from January 1 on, that any labor delegate found molesting the men during working hours would be summarily picked up and dismissed from the reservation.

The CHAIRMAN. Is there anything to the rumor, also, that I heard while down at Camp Blanding yesterday that there were certain saw-and-hatchet men initiated into the carpenters' union and forced to pay \$150 apiece, and then they were made checkers and allowed to go out in the woods and sleep, drawing their pay?

Major RUNDELL. I haven't heard that particular rumor, Senator. I have heard many. There have been a number of statements made as to the amount of money charged by the unions for initiation. I do not believe the figure you quote to be correct.

The CHAIRMAN. Do you know what the fee for carpenters was? He wasn't necessarily a member of the union after he paid the fee, but do you know what fee he had to pay to work?

Major RUNDELL. Of actual knowledge, definite knowledge, I cannot say. I have heard that the initiation fee was \$50 for entry into that particular union, \$6.50 to be paid at receipt of the working card, and the balance at \$1 a day until complete.

The CHAIRMAN. That is the carpenters' union?

Major RUNDELL. Yes, sir.

The CHAIRMAN. What about the plumbers' card?

Major RUNDELL. I have no knowledge of that particular union.

The CHAIRMAN. They did, however, charge them a fee for working, didn't they, if they lived in Florida and didn't come from New York?

Major RUNDELL. That is common labor practice.

The CHAIRMAN. They imported most of the plumbers from New York, didn't they?

Major RUNDELL. I have made no study of the differentiation geographically.

The CHAIRMAN. Is it true that the plumbers and electricians have loafed on the job during the week in order to draw time and a half for overtime on Saturdays and Sundays?

Major RUNDELL. I don't believe that to be a true statement. I believe this is probably the occasion for the rumor. During the entry of the Thirty-first Division into camp in the early days of December and for 2 weeks during the time I was stationed there, in order to meet the emergency of that particular occasion it was the practice of the then constructing quartermaster to work the men three straight shifts; in other words, 8 hours at straight time and two subsequent periods.

The CHAIRMAN. I got this information from members of the Thirty-first Division who happened to be union electricians and they told me that these electricians loafed on the job all week and then got time and a half or double time for overtime.

Major RUNDELL. I have no knowledge of that situation.

The CHAIRMAN. There was a chance for much difficulty between members of the Thirty-first Division and the members of this particular electricians' union which loafed on the job in order to draw

this overtime, because these fellows knew what they did. That is where I got the information, and that is the reason I have asked for the information.

Major RUNDELL. I have had no complaints filed with me officially as to such action.

Senator BREWSTER. You are just completing two laundries out there, are you not?

Major RUNDELL. They are complete, sir.

Senator BREWSTER. And what did those cost?

Major RUNDELL. \$691,000 apiece.

Senator BREWSTER. Apiece?

Major RUNDELL. Yes, sir.

Senator BREWSTER. And that is one for each division?

Major RUNDELL. And including the nondivisional artillery.

Senator BREWSTER. And what do you require for a division? Will one of these on an 8-hour day serve a division?

Major RUNDELL. I believe that it would be necessary to run one of the laundries on a 16-hour basis. Colonel Cullines, the post quartermaster, I believe, is in attendance here and can answer that question better than I. I built the building and he operates it.

Senator BREWSTER. Was that on his specification?

Major RUNDELL. Sir?

Senator BREWSTER. Who furnished the specifications for what was required?

Major RUNDELL. They were furnished from the office of the Quartermaster General.

Senator BREWSTER. In Washington?

Major RUNDELL. Yes, sir.

Senator BREWSTER. From the information which you have received thus far, operating one of these laundries 8 hours a day and the other one 16 hours a day would serve the 45,000 to 50,000 men that are there now?

Major RUNDELL. That is my belief.

Senator BREWSTER. Why would it not be equally feasible to have one laundry operated 24 hours a day and save the \$694,000 investment?

Major RUNDELL. I can't answer that question, sir.

Senator BREWSTER. Why would it not be better practice for the Government to build about half as big a laundry and let the Government see how it gets along operating a laundry and what it costs, and let the private laundries in this vicinity who undoubtedly have some surplus capacity, enter into a little competition to show what they can do?

Major RUNDELL. That is a matter of policy, sir, and the policies are made in Washington.

Senator BREWSTER. In the Navy that is the practice. We have shipyards, private and public, and undertake to keep up a competitive situation. This is the first instance which I have seen where there has been so substantial an investment in a duplication of facilities, and it has given me a great deal of concern; whether this occurs everywhere in the country I don't know, but it certainly, to me, is astounding. I don't know how the others feel about it. I realize

that it is not a matter for which you are responsible. You simply carried out your assignment, and I will say that it is a very good-looking laundry.

Major RUNDELL. Thank you.

Senator BREWSTER. It was very impressive.

The CHAIRMAN. That is all, Major.

I would like to have Mr. Stellmann come back for a moment. I want to ask him some questions about this union situation. While we are waiting for Mr. Stellmann, is Mr. Brown in the audience?

Mr. Brown, do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BROWN. I do, sir.

TESTIMONY OF F. H. BROWN, VICE PRESIDENT, GEORGIA SOUTHERN & FLORIDA RAILWAY CO., MACON, GA.

RAILROAD BUILT AT CAMP BLANDING

The CHAIRMAN. Take your seat and give your full name and connections to the reporter, please.

Mr. BROWN. F. H. Brown, vice president, Georgia Southern & Florida Railway Co., headquarters, Macon, Ga. May I make an observation, sir, in the hope that it might be helpful to you and from the standpoint of saving time? I hope you are going to ask a lot of searching questions about this railroad. We think it is a rather nice job and we have had some rocks thrown at us, of course. Any discussion is obliged to get into some technical aspects pretty quickly. I am not an engineer nor a practical operating man. Our superintendent, the fellow who built the railroad, is here. If I am not out of order completely, may I suggest that he be sworn and that we do this job together?

The CHAIRMAN. Bring him up.

Mr. Brown, you might tell us how the negotiations came about for a railroad to the camp. How did you get in the picture?

Mr. BROWN. The situation was this, sir. Our first information respecting the construction of such a camp came to us through the press during the early part of September. The Georgia Southern & Florida Railway was, of course, anxious, if it might, to serve that camp; consequently, a few days prior to September 13, I made it my business to go to the camp site and develop what information I could. My inquiry led me to Maj. Leander Larson, the then constructing quartermaster, with whom I conferred. Also, on one or more of these occasions I also conferred with Col. G. R. Solomon, a civilian with the consulting engineering firm. Of course, these chats partook of a lot of questions on my part and answers on theirs, going to the point of what would be the procedure to go about establishing a connection between the Georgia Southern & Florida Railway and the proper point in the camp. That culminated on the morning of September 13, when Colonel Solomon and Major Larson jointly suggested that I reduce to writing the proposition of the railway, what it would do toward track construction, and Major Larson took particular pains to lay down a double-barreled major premise or requirement, like this: "I want a railroad as cheap as I can get it, and I

want it as quick as I can get it." On the point of speed, he mentioned several times 2 weeks—"Got to have a railroad in 2 weeks." It was obvious, of course, that speed was absolutely necessary because otherwise the construction materials would have to be drayed from Starke out to the camp a distance of some 8 miles to get to the edge of the reservation. So having in mind now those two requirements of speed and cheapness, we laid down a proposition on that date, September 13, in which we suggested that the cheapest rail that could be provided in quantity and quickly would be 60-pound rail. Am I making this statement too long? I want my answers to be responsive now.

The CHAIRMAN. Go right ahead.

Mr. BROWN. Here let me interpolate this thought. There are three kinds of rail. There is new rail, of course; the second is re-lay or used rail; the third is scrap rail, which should hardly be dignified with a name better than junk. So, when I refer to 60-pound rail, I am talking not about scrap rail, but re-lay rail, that being used rail.

Our management in Washington authorized me to say to Major Larson, and reduce it to writing, that we could make the 60-pound rail available at a price of \$25 a gross ton. The 60-pound rail, mind you, was immediately in sight; we could see, from having been over the ground, that some considerable mileage would be required. It wasn't simply a little spur track. We had on our own division here within 20 miles of the point from whence we proposed to take off, something over 40,000 lineal feet, 10 or 15 percent of the total. We knew the point on the Southern Railway System lines, we being a part of that system, where we could immediately lay our hands on the remainder of the rail necessary, so that I conceived this to be of importance from the standpoint of speed.

The price we believed then and now to be thoroughly reasonable. Senator BREWSTER. How was that fixed?

Mr. BROWN. It was fixed by our purchasing agent in Washington. He tells me that in disposing of re-lay rail it is more or less custom and usage, I should say, to charge about \$3 more than you do for scrap rail, which is only good for melting purposes.

Senator BREWSTER. How does it compare with new?

Mr. BROWN. New rail, sir, is considerably higher if being rolled. I doubt seriously whether 60-pound rail is rolled to any appreciable extent today. In any event I do not know the new rail price.

Senator BREWSTER. Do you mean that there wouldn't have been any new rail of this character, or you don't know the price of it?

Mr. BROWN. Well, sir, I say both. I doubt that there was much, if any, 60-pound rail then being rolled, and in any event I wouldn't know the new price.

Senator BREWSTER. You mean that they don't make 60-pound rail any more?

Mr. BROWN. I think a little of it is made, but in this day and time the railroads are going in for heavier rail on the heavy traffic lines and moving the lighter rail down, if you please. The heaviest rail, for example, that we use on our system is 131 pounds to the yard, and as we put it into place, the 90-pound rail is moved down to replace 85, and so on; 85 eventually replaces 60.

I have referred here to the proposition of cost and speed, both of which we were told to be paramount considerations.

Senator BREWSTER. Excuse me a minute at that point. How many tons of this rail were used on this job?

Mr. BROWN. On this job, 1,775 gross tons.

Senator BREWSTER. And scrap rail, you say, was about \$22 at that time?

Mr. BROWN. Yes, sir; it was. If I may refer to a specific sale about that time, on September 20, 1940, we sold to the firm of I. Chenman Co., Norfolk, Va., 600 tons of scrap rail for \$22.40, laid down on our railroad at Norfolk.

Senator BREWSTER. How much of this 60-pound rail do you now ordinarily use during a year?

Mr. BROWN. Well, we are not going outside and acquiring it, sir. As it comes to us from heavier traffic lines we use it for this purpose and as replacements in our own 60-pound lines. I think I am not answering your question just yet. This spur which we built into Camp Blanding tied into 60-pound rail now existing on our main track.

Senator BREWSTER. How far does that run?

Mr. BROWN. It runs from Sampson City, Fla., a point 10 miles north of the junction with the camp railroad, thence south to Palatka, Fla. I think we may have a rail chart here if you would like to explore that further, but I think that is the extent of our use of 60-pound rail on the G. S. & F. Railway. There is 60-pound rail in the main track on other parts of the railroad.

Senator BREWSTER. And what is the rest of your rail on your line?

Mr. BROWN. On the G. S. & F., 85-pound. I will ask to be checked on this.

The CHAIRMAN. Mr. Brosnan, do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BROSNAN. I do.

TESTIMONY OF MR. D. W. BROSNAN, SUPERINTENDENT, GEORGIA SOUTHERN & FLORIDA RAILWAY CO., MACON, GA.

Mr. BROSNAN. It varies from 60, 70, 80 to 85.

Senator BREWSTER. Was there any difficulty last year in securing rail?

Mr. BROWN. Mr. Brosnan has perhaps had more direct experience in that, sir.

Mr. BROSNAN. Yes; last fall, due to a good many of these Government projects and also industrial expansion, there was a shortage, particularly, of re-lay or used serviceable rail. Stocks were pretty badly run down. There wasn't a great deal of rail available.

Senator BREWSTER. What was the situation on the 80- or 85-pound new?

Mr. BROSNAN. I suppose it could be bought, sir, but it would take some time to get it rolled. The rail mills don't run the entire year, or that is, they haven't up until this emergency came about. They operate only at such time as they are assured of orders and have proper backlog.

Senator BREWSTER. And what is the approximate price of new 80-pound rail?

Mr. BROSNAN. If you could get it now I suppose it would cost you \$60 or \$65 a ton.

Senator BREWSTER. Last year I am speaking about now.

Mr. BROSNAN. As I recall, sir, new rail sold last fall for about \$50 a ton.

Senator BREWSTER. When did that price go up?

Mr. BROSNAN. I suppose it advanced through the fall and winter.

Senator BREWSTER. Wasn't the price around \$39?

Mr. BROSNAN. New rail has cost around \$49 for some time.

Senator BREWSTER. And what was the price per ton on relays of the 80- or 85- and 90-pound rail?

Mr. BROSNAN. We sold a good deal of that rail, sir, from time to time at prices \$30 plus freight, that is \$30 per gross ton.

Senator BREWSTER. You use a good deal of that in relays now on your line?

Mr. BROSNAN. Do you mean in main track replacements?

Senator BREWSTER. Yes, sir.

Mr. BROSNAN. Yes, sir; as Mr. Brown just said, we confine our purchases of new rail entirely to the heaviest rail sections, to be used under heavy traffic main line, of which there is nothing in the State of Florida to compare with the lines on which we place that rail.

Senator BREWSTER. Did you have as much relay rail of the 80- to 90-pound grade available last year as you had of this 60-pound?

Mr. BROSNAN. I suppose that we possibly had more; however, if I am not jumping your question, we talked in our conversations with Major Larson about nothing except 60-pound rail because he first wanted a cheap railroad, setting a certain sum of money as a maximum that he had to spend, \$225,000, and we had found from a rough check of the ground something over 20 miles of railroad to build, so that on the face of the thing he had to have a cheap railroad to come within the figure which he had set up.

Senator BREWSTER. Now apparently that made a difference of \$10,000 as between the 60-pound and 80-pound, \$5 a ton for 2,000 tons.

Mr. BROSNAN. Yes, sir. I think it is well to clarify that. We were getting and could get at that time more than \$25 a ton for relay 60-pound rail, and it was only to come with full cooperation and fairness to the Government that they agreed to sell this rail to them at \$25 a ton. Mr. Brown has some figures here on the sale of 60-pound relay rail by our people at the time, which will substantiate this position.

Senator BREWSTER. Well, the point which I wished to be clear about is that you had 80-, 90-pound rail available in adequate quantities which presumably would have cost about \$5 more a ton. Is that correct?

Mr. BROSNAN. No, sir; it would have cost you more than that. Let me answer that question in this way. We had 60-pound rail on the ground. This is a 60-pound railroad of ours which passes Camp Blanding. We had about 5 track-miles of rail within 20 miles of the site. It was stacked up there and had been there for some time. It was necessary to get rail immediately and go to work, whereas to gather heavier rail it would have been necessary to pick up a half

mile here and a mile yonder, possibly as far north as Washington or Cincinnati or St. Louis, in small batches here and there, and it would have required possibly 6 weeks to have accumulated that amount of 85-pound rail.

Senator BREWSTER. Well, of course the aspect which has troubled some of those who have looked this over is that you apparently unloaded quite a lot of 60-pound rail which was advantageously located and unused, on the Government, although 60-pound rail isn't a very popular commodity right now, and it is in connection with a job which I think your engineering experience would indicate is liable to involve some pretty heavy traffic.

Mr. BROSNAN. I agree that it did involve heavy traffic and I maintain that it has done the job. There hasn't been a wheel on the ground. We have handled 19,000 carloads of freight over it, two divisions of soldiers, and for a period of some 30 to 40 days they operated daily a passenger train over it. I think that is proof that it did the job.

Senator BREWSTER. Well, of course, it isn't clear that the job is yet done, is it?

Mr. BROSNAN. Yes, sir; you won't move the number of cars from Blanding which have already been there in the construction period.

Senator BREWSTER. No; but the camp is set up on a 5-year basis.

Mr. BROSNAN. That is true.

Senator BREWSTER. And there is likely to be very heavy traffic there as time goes on.

Mr. BROSNAN. Not as heavy as it has been.

Senator BREWSTER. No; but certainly comparable if we ever get the mechanized equipment for which we are preparing. That is going to involve using heavy stuff.

Mr. BROSNAN. We have handled something over 10,000 carloads of this lime rock, which is as heavy as six or eight pieces of the heaviest artillery at Camp Blanding; you couldn't equal this load with the artillery that is presently at Blanding. You couldn't get enough of it on a car to equal the weight of any of these 10,000 carloads of lime rock that we have hauled in there.

Senator BREWSTER. I haven't inspected the equipment carefully, but we haven't begun to see the size of equipment that we are going to be handling, as you would probably realize from the story. We are still living in terms pretty much of 1917. My son is working on a gun that was invented in 1897 right now, which is pretty antediluvian.

The CHAIRMAN. A darned good gun, too, Senator.

Mr. BROSNAN. Senator, I will say this, that this particular line is prepared to and can handle any traffic that can be brought to it over the railroads of the South. In other words, if that line won't take it, you will have to build some more railroads to get it down to it.

Senator BREWSTER. We are certainly happy to have you justify the deal. You heard Major Rundell's testimony in which he indicated a desire for something heavier, didn't you, this morning?

Mr. BROSNAN. Yes, sir; I heard that.

Senator BREWSTER. You disagree with him?

Mr. BROSNAN. Absolutely, for this reason, if I may be permitted to say.

Senator BREWSTER. Yes; it is a free country still.

Mr. BROSNAN. A railroad consists of a great deal more than rail. It starts from the roadbed. That is the foundation. The next thing is the ballast; the next is ties; and the rail is the last item. Now you have, with one exception, a good roadbed. There is some ballast on the railroad, cinder ballast; possibly it needs some additional ballast. The ties are the best that money can buy. They were put in up to standard. The rail is equal to any traffic that will be handled into Camp Blanding. It has done the job and will continue to do the job. I make that as an unqualified statement. Any railroad needs some maintenance. All railroads wear out. That is the nature of the animal.

Senator BREWSTER. Are you familiar with the specifications of the Association of American Railroads?

Mr. BROSNAN. Yes, sir.

Senator BREWSTER. And what do those require?

Mr. BROSNAN. The Association of American Railroads, so far as I know, have no specifications dealing with weights of rail that will be used in any particular locality for any particular traffic.

The CHAIRMAN. That is all.

Mr. BROWN. May I make just another observation?

The CHAIRMAN. I think you have made a case; you had better quit.

Mr. BROWN. Senator, the railroad didn't cost as much as the record shows. There was an erroneous statement, or perhaps not a clear one. It didn't cost as much as the record shows it did. I would like to get that in.

The CHAIRMAN. How much did it cost?

Mr. BROWN. It cost \$211,101.42, that being some \$60,000-odd less than the record shows.

The CHAIRMAN. All right.

Senator Brewster wants to ask you a question.

Major RUNDALL. May I qualify the statement made this morning by saying that the figure that I gave was the total cost of the railroad, including the Seaboard.

The CHAIRMAN. I see. I think you are both right.

Senator BREWSTER. Now, did you have any association with the solicitation of traffic over this line?

Mr. BROWN. For the camp, sir?

Senator BREWSTER. Yes.

Mr. BROWN. Yes, I did.

Senator BREWSTER. And particularly in connection with the movement of the lime rock?

Mr. BROWN. Yes, sir. We handled some part of that, not all of it.

Senator BREWSTER. Did some of it originate on your line?

Mr. BROWN. No, sir; it all originated with either the Seaboard or the Atlantic Coast Line. On some part of it we received the delivering haul, that is, got it at an intermediate junction. I know about the movement, though.

Senator BREWSTER. Now, do you know how it happened that the 70-cent rate instead of the 40-cent rate prevailed on this job?

Mr. BROWN. Senator, that is a most interesting thing, sir. I am not going to be able to tell you what you want to know, but I might throw just a little light on it for you.

The difference, of course, is the difference between land-grant and commercial rates. I pose not as an expert in rate matters, but my thought was to begin with, that the Government would claim land grant on all of these construction materials. Now, Major Larson was quite sold on that. He said to me many times, "Brown, there is going to be quite a saving here. We want land grant."

As you doubtless know, where land grant does properly exist over one route, competing routes meet it automatically by virtue of an understanding we have reached and filed in Washington. So the Major very definitely intended to take advantage of land grant, thus bringing this 70-cent rate down to 42 cents, or some such figure. He so convinced us that that would be the case, that for many, many weeks we didn't collect one dime for hauling freight. We were hauling it for fun.

The CHAIRMAN. Did the Major know anything about a certain bill that was passed by the Congress, repealing land grant except as it applies to military traffic?

Mr. BROWN. I was going to get to that in just a minute. This moved on commercial bills, just as it would for you or me, not for the Government. The procedure was to convert these commercial loadings after the goods got there into Government bills of lading, and they are practically negotiable; they represent cash, so that we would take those loadings then and collect land-grant freight charges.

Well, after waiting so many weeks without any collection of freight charges, word then came to Major Larson from Washington—I can't, I'm sorry, tell you whom—to the effect that the Government could not claim land grant. "Therefore, set up your machinery so that the general contractor will pay you." The bills were then processed, and we were paid on a commercial basis. But the decision was made in Washington, and along about that time, as Senator Truman says, this bill was passed, and a good many people yet don't quite understand that bill. It is a trifle ambiguous about just what constitutes military traffic.

To sum the thing up, Major Larson was instructed from Washington to forget about the land-grant business, that the traffic must bear commercial rates. That is the extent of my knowledge of that particular subject.

Senator BREWSTER. As far as you were concerned, that was just a Christmas present.

Mr. BROWN. I was quite happy.

Senator BREWSTER. A matter of \$200,000 would make almost anyone happy now-a-days.

Mr. BROWN. We all worked hard to build a good railroad, sir.

The CHAIRMAN. That is all, gentlemen.

Mr. Stellmann, will you take the stand again for just a few minutes?

TESTIMONY OF H. J. STELLMANN, CONSTRUCTION MANAGER, STARRETT BROS. & EKEN—Resumed

Mr. STELLMANN. I am sorry, I was outside.

The CHAIRMAN. That is all right, you thought you were through. I was at the telephone when you left.

INITIATION FEES CHARGED WORKMEN ON CAMP BLANDING CONSTRUCTION

The CHAIRMAN. If you will just be seated. I am interested in some questions that I asked Major Rundell about the union situation on this job. We have heard a great many rumors about those people in this neighborhood who wanted to work out there having to pay a fee to certain people in order to be able to work. I have been told, and I have heard it dozens of times, that if a man who was a plumber here in Florida, or who was a plumber's helper, for that matter, and wanted to work on the job out there, that it was necessary for him to pay a fee of \$150 in order to get that job. Was there anything to that?

Mr. STELLMANN. I really don't know what the membership fees were in the various unions. I happen to know in the case of the plumbers.

The CHAIRMAN. As I understand it, it was not a membership fee, but merely a fee for the privilege of working. They didn't belong to the union after paying that.

Mr. STELLMANN. That would not be true. As a matter of fact, as I understand, particularly in the plumbers' union, if a man desired to join that union and worked on this job, in the event that he was not accepted as a member when his work had finished at the camp, his money was refunded.

The CHAIRMAN. I hadn't heard that part of it. I am glad to hear that.

Mr. STELLMANN. I believe that to be a fact. In other words, if they didn't qualify or didn't want to continue with the union, they refunded the money to them.

The CHAIRMAN. Well, I also heard that there was a certain refrigeration firm here in Jacksonville putting in some work out there, and that they had nonunion labor, that he and his men were all arrested and held until they paid \$150 apiece to go ahead with the work. Was there anything to that?

Mr. STELLMANN. They certainly were not arrested, Senator

The CHAIRMAN. I am telling you what I heard. I came only yesterday.

Mr. STELLMANN. It is true that the refrigerator company—I think it was Florida Weather-Makers.

The CHAIRMAN. That is right.

Mr. STELLMANN. They did attempt to install their work with non-union mechanics, and the union protested. I took the matter up with the Carrier Corporation. The Florida Weather-Makers were agents for the Carrier Corporation. I explained what the agreement was, that they would employ organized labor, and was assured that their men would either join the union or they would replace them with other mechanics, which they did.

The CHAIRMAN. They didn't put them in jail and hold them until they paid the fee?

Mr. STELLMANN. No, sir.

The CHAIRMAN. Is it true that certain men were induced to join the carpenters' union and to pay \$50 fee and then were allowed to go out to the woods and sleep and not work at all and draw their pay?

Mr. STELLMANN. That is true. There were men found sleeping. We had 5,000 carpenters working, so-called carpenters.

The CHAIRMAN. Saw and hatchet men is what they were.

Mr. STELLMANN. Well, plowboys and strawberry pickers.

The CHAIRMAN. You had to take what you could get, evidently.

Mr. STELLMANN. I don't know how we could possibly recruit 5,000 carpenters in this locality; in fact hardly anywhere, real carpenters. There is a considerable loss in efficiency, particularly in the carpentry trade, because almost anyone can claim to be a carpenter. Fortunately, that is not so in the mechanical trades; you can't make an electrician out of a plowboy, nor a plumber. Most of the pipefitters and electricians were recruited from distant points—New York, Chicago, and elsewhere—because there was a great scarcity of mechanics in this neighborhood, particularly because of other defense work that was in progress.

The CHAIRMAN. I was told by some of the boys out in the Thirty-first Division who are mechanics, belong to the union, and electricians, in fact, that the electricians on the job were loafers and that they worked only when they were drawing overtime. Is that true?

Mr. STELLMANN. On the contrary, we ordinarily have trouble with electricians on most every job, particularly in New York—6-hour-a-day fellows, \$2 an hour. We got better work out of the men down here than I have gotten elsewhere. We never had a complaint with the electricians, and we put in 107 miles of primary transmission-pole-line work here, and I don't know of a complaint from the engineer, the constructing quartermaster, or anybody else.

The CHAIRMAN. I am glad to hear that. I am just trying to run down rumors that I heard when I was on a trip out to the camp yesterday, and I wanted to know whether it was true or whether it wasn't. I am glad to hear you say that.

Are there other questions?

Mr. STELLMANN. I would like to mention the matter of the construction material at present on the job, which was mentioned while Major Rundell was on the stand. I think Major Rundell said it had a value of about a million and a half dollars. The estimated value, as near as we can determine it at the moment, is something like \$770,000. A good part of that material was ordered and delivered to the job in anticipation of building another regimental area known as C-3, which had been staked out, was on the plans of the engineers, laid out for us. We intended to go ahead and build that unit, as well as several other buildings, particularly three post exchanges and a finance building for Colonel Kelley. That material was all delivered to the job, and it represents a good part of that inventory. We were trying to be ahead of the thing and keep up with the progress.

The CHAIRMAN. Are there any other questions?

Senator BREWSTER. I want to be clear as to how this union matter was handled. It was understood that this was to be a closed job, was it not?

Mr. STELLMANN. Yes, sir; it was in Washington.

Senator BREWSTER. That meant that within 3 days, was it, that a man was obliged to show a union card?

Mr. STELLMANN. There was no time set on it, Senator. As a matter of fact, a great many men worked on this job without showing any card for weeks.

Senator BREWSTER. But if the union representative came and notified you that a certain man wasn't eligible, he was discharged, was he not?

Mr. STELLMANN. We put it up to the union representative to induce him to join the union.

Senator BREWSTER. And if he didn't play ball, he couldn't stay on that job. That was your understanding?

Mr. STELLMANN. That is right. We had to do that in order to avoid trouble, and we had comparatively little or no trouble with the unions on Camp Blanding.

Senator BREWSTER. I am not now criticizing your course at all; I am just trying to get the detail of exactly how it operated. These men would come in from all quarters for employment and could be put on by you until such time as the union representative notified you that they were not eligible for the job because they were not members of the union. Would that be correct?

Mr. STELLMANN. That is right.

Senator BREWSTER. And it was up to the union representative to locate these fellows and see whether he could persuade them to join the union.

Mr. STELLMANN. That was particularly true of the carpenters; as I said, most of the latter labor, mechanics particularly, were recruited from various units throughout the country and came here as union men.

Senator BREWSTER. Those union representatives had the right to operate inside the enclosure as long as they observed the proprieties, did they not?

Mr. STELLMANN. They operated, particularly up at the employment office, in collaboration with the Florida Employment Service, and usually that detail was taken care of before they came to register for employment with us.

Senator BREWSTER. They sign up with the union before they went on the pay roll usually?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. And paid \$6.50 down?

Mr. STELLMANN. Whatever it was.

Senator BREWSTER. I think that is what the Major testified.¹

Mr. STELLMANN. In the case of the carpenters, I think that was so; yes, sir.

Senator BREWSTER. Then a dollar a day until they had paid their \$50.

Mr. STELLMANN. Either that or so much a week after the first week's wages.

Senator BREWSTER. Yes; and the same procedure was followed with all the other trades?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. Now, what about unskilled labor?

Mr. STELLMANN. It was only during the latter part of the job that they really got any place in organizing the unskilled labor.

¹ Maj. James R. Rundell, *supra*, p. 1106.

Senator BREWSTER. You mean the unskilled labor.

Mr. STELLMANN. The unskilled labor.

Senator BREWSTER. What did they charge them?

Mr. STELLMANN. I really don't know what the fee was, a nominal fee of some kind.

Senator BREWSTER. How many carpenters did you employ altogether on the job?

Mr. STELLMANN. About 5,000.

Senator BREWSTER. That is the maximum?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. How much in the turn-over?

Mr. STELLMANN. The turn-over figures about 41 percent for the entire job.

Senator BREWSTER. You mean by that that—

Mr. STELLMANN (interposing). All labor and mechanics.

Senator BREWSTER. Yes. What about the carpenters? Do you know as to that? Do you know how many you employed altogether, individuals?

Mr. STELLMANN. No; I haven't that figure in mind. I did figure out the total turn-over, which is 41 percent.

Senator BREWSTER. That is, you had a maximum of 21,000.

Mr. STELLMANN. Including the mechanical trade; at the peak we had 23,000 men on the pay roll.

Senator BREWSTER. And that would mean that you employed altogether something around 30,000?

Mr. STELLMANN. Thirty-five thousand, or something like that.

Senator BREWSTER. Individuals?

Mr. STELLMANN. Yes, sir.

Senator BREWSTER. And whether the carpenters were more or less in that percentage, you don't know?

Mr. STELLMANN. No, sir; I can't answer that at the moment. It could be determined very easily for you.

Senator BREWSTER. Yes; if you would do that and address it to Mr. Fulton, I would be glad to have it.

Mr. STELLMANN. I would be glad to.

The CHAIRMAN. That is all.

Major Davidson, do you have anything you want to offer for the record?

Major DAVIDSON. No, sir.

Senator BREWSTER. Let me ask Major Davidson this: Major, does your division handle the matters like the laundry that we have heard about here today?

Major DAVIDSON. The engineering section of the construction division would handle that; yes, sir.

Senator BREWSTER. Does your division determine whether or not you have a laundry?

Major DAVIDSON. Yes, sir.

Senator BREWSTER. Well, have you any comment on this thing? I was kind of startled about this laundry investment. It is a new creation since I have been around here, and it looked pretty formidable.

Major DAVIDSON. No, sir; I have no information. I can get it for you. Anything that I could add at this time would be hearsay.

Senator BREWSTER. We will take it up in Washington. I wish you would look into that because offhand it does seem like a very considerable capital investment.

Major DAVIDSON. Yes, sir.

Senator BREWSTER. It is on leased land out there which may well not be permanently serviceable.

Major DAVIDSON. Yes, sir; I will get that information for you, sir.

The CHAIRMAN. The committee will recess until Friday in Washington, D. C., at 10:30 in the morning, unless it has to fly to San Francisco tomorrow.

(Whereupon, the committee adjourned at 4:10 p. m., until 10:30 a. m., Friday, May 23, 1941.)



INVESTIGATION OF NATIONAL DEFENSE PROGRAM

FRIDAY, MAY 23, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE INVESTIGATING
THE NATIONAL DEFENSE PROGRAM,
Washington, D. C.

The committee met at 11:05 a. m., pursuant to adjournment on Wednesday, May 21, 1941, in room 318, Senate Office Building, Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman, chairman; Joseph H. Ball, Ralph O. Brewster, Tom Connally, Carl A. Hatch, and James M. Mead.

Present also: Hugh A. Fulton, chief counsel; Charles P. Clark, associate chief counsel.

The CHAIRMAN. Do you solemnly swear that you will tell the truth, the whole truth, and nothing but the truth, so help you God?

Admiral LAND. I do.

TESTIMONY OF ADMIRAL E. S. LAND, CHAIRMAN, UNITED STATES MARITIME COMMISSION

The CHAIRMAN. Will you give your name and title to the reporter, please, Admiral?

Admiral LAND. E. S. Land, Chairman, United States Maritime Commission.

SERIOUSNESS OF WEST COAST SHIPBUILDING STRIKE FROM STANDPOINT OF NATIONAL DEFENSE

The CHAIRMAN. Admiral, I will appreciate it if you will tell this committee just exactly what the seriousness of this strike situation in San Francisco is to the ship-construction industry.

Admiral LAND. Mr. Chairman and gentlemen, there are in the San Francisco Bay area at least five shipbuilding plants apparently involved in this situation. They have, in round numbers, better than half a billion dollars' worth of contracts for ships. The situation and the seriousness thereof speaks for itself, as probably the most dire need in this world today is ships and more ships.

I believe in American principles, in democratic principles, in majority rule; and I don't believe in the tail wagging the dog. I can't see how it is possible to tolerate 500 men in one show and 1,200 men from another show preventing 10 times that many men from working, especially when they are working for the National

Government throughout at least 90 percent of their work. I don't believe in outlaw strikes. I do believe in collective bargaining. I think the situation there is as flagrant as anything that has happened in my experience in shipbuilding, and I think that a cessation of it should be made at the earliest possible date, as far as I am concerned, without any limits whatsoever, including the necessary forces that the National Government has at its command to enforce the rights of the United States Government.

It doesn't seem to me that I could add anything to the knowledge of this committee about the seriousness of the situation.

The CHAIRMAN. How many, or how much are the contracts involved? How much do they amount to?

Admiral LAND. Better than half a billion dollars, in at least five yards, and probably some smaller yards in addition in the San Francisco Bay area.

The CHAIRMAN. Do you know how many ships are involved?

Admiral LAND. No; I could supply it. I don't know, because they are combined: Navy, Maritime Commission (repair work for the Navy and the Maritime Commission), and private. There is also one ship ready for delivery and held up by the strike—a Maritime Commission ship for private operators.

The CHAIRMAN. How long has this delay been in force?

Admiral LAND. It is going on 2 weeks. I am not sure of the day it started. I think it started a week ago Monday.

Senator BREWSTER. What is your suggestion, Admiral?

Admiral LAND. I stated, sir, that I believe that there is justification for every possible step that the Government takes up to and including the use of the United States forces, be they city, State, or National, to take off this picket line so that people who want to work can go to work. I have no limitations on my belief to settle this thing, because I think it is of such magnitude that it should, and must, be settled.

Senator BALL. I take it your position, then, is that the union calling the strike is very definitely in the wrong on this?

Admiral LAND. To the best of my knowledge and belief that is correct. It is what I would call an outlaw strike.

Senator HATCH. Is it a question of which is wrong?

Admiral LAND. I don't think it is a question of which is wrong; I think the work should be going on anyhow, and it should be put to any term you chose to call it—mediation, arbitration, conciliation, or anything that will put the men to work, and decide the merits of this case afterward. Those men should be allowed to go to work. If they have any merit on the other side, and there probably is some, then I say let them cease their interference and adjudicate it in a decent American manner.

Senator BALL. What type of ships are involved here, mostly, merchant ships or naval vessels?

Admiral LAND. Both, sir. Both naval and merchant ships, as well as some private ships, in all probability, and it involves both construction and repairs.

Senator BALL. Is the bulk of it merchant ships?

Admiral LAND. I think that is correct; yes, sir. Certainly quantitatively the bulk is merchant ships. Qualitatively as to cost, I am not positive.

Senator BALL. Is most of it new construction, or is a considerable proportion of it repair?

Admiral LAND. Very much the larger portion is new construction.

Senator BALL. I see. Does the Bethlehem Steel Co. out there hold the bulk of these contracts?

Admiral LAND. No, sir; not in this area.

Senator BREWSTER. In your suggestion of removing the picket line, that seems rather novel, Admiral, because, as I understand it, this picket line is not of any legal character; it is simply a question of whether or not other workmen will go through or not. We read in the paper last night that Navy trucks had taken several hundred men to their work through the picket line. There is nothing to prevent any of the workmen returning who desire, is there, as far as adequate protection is concerned?

Admiral LAND. Not to my knowledge. I am not informed about that. I have not been out there.

Senator BREWSTER. Have there been any instances where force has been used to prevent any workman going back to work who so desired?

Admiral LAND. Not to my knowledge.

Senator BREWSTER. So it isn't a question of any breach of the peace?

Admiral LAND. I can't answer that, because I have not been there and I am not familiar with the details.

The CHAIRMAN. The mayor of San Francisco is here and he can answer those questions when we put him on.

Are there any other questions?

Senator CONNALLY. Admiral, I beg your pardon for being a little late. I didn't hear your other testimony. What do you think of a proposal like this, that wherever a plant producing naval or military materials or ships has its work stopped by reason of a strike or any labor dispute, what do you think about the Government just stepping in and taking charge of the plant and running it, pending the adjustment or the mediation or any other settlement of the strike as between the strikers and employers?

Admiral LAND. Theoretically that has some merit. Practically, I doubt if it could be done with any degree of satisfaction.

Senator CONNALLY. Why?

Admiral LAND. The limitations of the Government, both qualitatively and quantitatively, are such as to make that an extremely difficult proposal to carry out with any degree of efficiency.

Senator CONNALLY. Why couldn't the Government step in and say to the supervisory officials, "Now, if you want to go on and work here, all right," and compensate the owners, of course, for the use of the plant, like we do in case they are taken because of the employer's failing to take a contract. Then say to the men, "All of you that want to work, go right on working just like you have been working. Those of you who don't want to work, get out and go on, and let the rest of us alone." Wouldn't that work?

Admiral LAND. That is easier said than done. It might. Supposing there is a picket line out there. The men wouldn't go through the picket line any more because the Government was running that than if a private operator were running it.

Senator CONNALLY. If the Government was in charge it wouldn't necessarily follow that there would be a picket line. They could do away with the picket line, couldn't they, if they wanted to?

Admiral LAND. I propose doing away with the picket line.

Senator CONNALLY. If the Government is in charge of operation of the plant and in charge of the premises, couldn't they control who came on the premises and continue to operate the plant?

Admiral LAND. I think it could.

Senator CONNALLY. Wouldn't that be a way to handle the situation? The Government's primary interest is not in trying to get higher wages for the men or more profit for the contractor, but it is to continue production. Isn't that the primary interest of the Government?

Admiral LAND. Yes, sir.

Senator CONNALLY. Well, now, if this production is held up by the employer because he won't take a contract at a fair wage, the Government has the authority to step in and take over the plant, hasn't it, under the draft act?

Admiral LAND. Yes. Under certain conditions that right exists.

Senator CONNALLY. Why shouldn't it, if production is held up, not by the employer but by the employees—why shouldn't the Government—step in and say, "Well, we will run this plant if you can't run it, Mr. Employer and Mr. Employee."

Admiral LAND. But that is a condition that doesn't exist in this case.

Senator CONNALLY. I am talking about generally. Now, I am not speaking about this particular case. I am talking about all these strikes.

Admiral LAND. All I can say is what I said before, that theoretically that may be sound, but practically I doubt whether the Government is in a position qualitatively and quantitatively to carry out such procedure except in some small organizations. They haven't a sufficient personnel to carry that out on a large scale.

Senator CONNALLY. I am assuming that the superintendents and the other people would want to continue work and it would go right on.

Admiral LAND. Under that assumption that could be done, and as you know, that was very seriously considered with the Allis-Chalmers situation. I would much prefer that people who know more about that would answer that question. It has not been up to the Maritime Commission, but the case of the Allis-Chalmers is a very pregnant one and was up to the Government.

Senator CONNALLY. Let me ask you this. Wouldn't you regard authorization to the Government to do that, whether they exercised the power or not, would be a helpful thing?

Admiral LAND. Yes, sir.

Senator CONNALLY. In other words, the possibility that the Government would step in and take charge and run the plant—wouldn't that have a very weighty psychological effect upon both the employers and the employees?

Admiral LAND. I so believe.

Senator CONNALLY. Toward getting together and going on with production under the theory that if they didn't, if they get in a row, the Government may step in and take charge of it itself. Don't you think it would be helpful to have that power in the Government, whether it is exercised or not?

Admiral LAND. Yes, sir.

Senator CONNALLY. Thank you.

Senator BALL. Admiral, if the Government did follow that procedure and took over the plant, as a practical proposition, wouldn't the Government have simply to employ the present management there?

Senator CONNALLY. Certainly.

Senator BALL. The Government has no management available to handle half a dozen shipyards.

Admiral LAND. That is correct.

Senator BALL. And the dispute would still exist. It would be between the same parties and it would be simply a question of reaching a settlement, the same situation we have now, except that the Government would be in a position to say how much of the wage increase they would grant, or how little, and they would say it through management, but Government would take the final responsibility. I can't see where it would change the situation materially as it affects the particular dispute between the employees and the employer.

Admiral LAND. You are speaking now of the specific case we have under consideration?

Senator BALL. That's right.

Admiral LAND. I think your conclusions are correct.

Senator BALL. The job would still be the settlement of the dispute, in order to get those men together to go back to work, voluntarily, and ready to do a job.

Senator BREWSTER. Wouldn't there be some very intricate problems of both accounting and operation presented in any such solution?

Admiral LAND. Yes, sir. The mechanics are very difficult to carry out.

Senator BREWSTER. And wouldn't it be a fairly simple path to complete socialization of our entire economic and industrial structure, if every time a labor difficulty occurred the Government simply took it over?

Admiral LAND. I think that must be given consideration. It is a most serious proposal.

Senator BREWSTER. In connection with your suggestion, Admiral, to eliminate the picket line, you realize that that does run into some pretty serious legal difficulties.

Admiral LAND. Yes, sir.

Senator BREWSTER. And your thought would be to enact whatever legislation is necessary to eliminate picket lines in this case?

Admiral LAND. If legislation is necessary, I think the seriousness of this case justifies emergency steps. Whether legislation is necessary or not I am not in a position to say. Where Government work is interfered with, there are cases on record and on file where the Government has stepped in with such authority as it possesses and solved the situation.

Senator BREWSTER. You are referring now to where there has been interference with the mails and things of that sort?

Admiral LAND. Yes. That is a specific instance.

Senator BREWSTER. Are there any precedents for a situation of this kind?

Admiral LAND. I wouldn't be able to answer that.

Senator BREWSTER. The right of peaceful picketing is pretty well established in our law, isn't it?

Admiral LAND. Yes, sir.

Senator HATCH. There is ample precedent for the Government taking over industry in time of great emergency, Admiral.

Admiral LAND. Yes, sir.

Senator HATCH. There is no greater industry in the world than the transportation industry. You remember in the last war the Government took it over—I don't know how efficiently—but they operated to the welfare of the men and the owners of the property, and for the welfare of the country as a whole. It can be done. We have demonstrated it.

Admiral LAND. Yes, sir; I agree with that.

Senator CONNALLY. Just one other word, Admiral, along the line just developed. If the important thing is to keep production going, this authority to take over the plant is not exclusive at all. It wouldn't exclude the settlement of the difficulties pending the operation by mediation or adjustment or any other legislation which Congress might enact. But it would have the effect, or tend to have the effect, to keep the plant going and turning out stuff, and that is what the Government wants to do.

Admiral LAND. It might in most cases, but I don't know whether it would or not in this case. If these men don't want to work for their employers, they might not want to work for the Government.

Senator CONNALLY. Then let them get out and get somebody else to do the work. If that is the attitude, that you are going to admit that you can't get along without them, it amounts to saying you are going to submit to their demands.

Admiral LAND. No; I don't think so.

Senator CONNALLY. If you say they won't work under—

Admiral LAND. I didn't say they couldn't get somebody else. I say it is easier to say "get somebody else" than to do it.

Senator CONNALLY. If this Government has to submit to anybody's demand in order to keep production up, we might as well quit. It seems to me that talking about socialization—I am not worried about socialization. It is not a permanent taking over of these plants. But if the Government of the United States needs arms and ships and munitions, by God I believe in the Government, if nobody else can build them, getting in there and the Government doing it itself, and if you have to take over every plant in the United States in this hour of emergency and peril, I am for doing it if that is the only way it can be done. That is where I stand on it. Talking about socialization—

Admiral LAND. You are dealing here with what in my opinion, and I am not speaking authoritatively, is an outlaw strike. It is the breaking of an agreement we spent months and months to get into agreement form, which was signed on the 21st of April and

lasted about 18 days. And we are dealing with the tail wagging the dog, 1,700 men wagging 17,000.

Senator CONNALLY. If you took over the plant you could tell the 1,700 to go on and get them a job on the farm somewhere, and let the 17,000 go on to work, and keep your production up.

Admiral LAND. I think you ought to have somebody familiar with the geographical location of these various plants in San Francisco testify. I am talking specifically about at least five shipyards that are now stalled, or probably stalled, through inability of the men to come to work, either through transportation difficulties or picket line difficulties. The machinists of the city of San Francisco are located in many points there; there are men here who are far wiser than I am about this picket situation who will tell you about the difficulties with these isolated machine shops scattered throughout the city of San Francisco, and they are not working to a full extent in the shipbuilding plants about which I am talking. There are gentlemen who can come here and give you the details, so your geographical picture is quite different from what you and I visualize it.

Senator CONNALLY. I am not quarreling with you. I was merely expressing my own view about this whole situation.

Admiral LAND. Yes, sir.

The CHAIRMAN. Are there any other questions, gentlemen, of the Admiral?

Thank you very much, Admiral. Mr. Secretary Bard.

Do you solemnly promise that you will tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BARD. I do.

TESTIMONY OF RALPH A. BARD, ASSISTANT SECRETARY OF THE NAVY

The CHAIRMAN. Mr. Secretary, you are the Assistant Secretary of the Navy?

Mr. BARD. Yes, sir.

The CHAIRMAN. Will you tell this committee to what extent the Navy is interested in the situation in San Francisco brought about by this strike?

Mr. BARD. I have a short statement here I would like to read.

The CHAIRMAN. Proceed.

INTEREST OF THE NAVY IN WEST COAST SHIPBUILDING STRIKE

Mr. BARD. After a number of weeks of negotiation in San Francisco between representatives of shipbuilding companies located on the Pacific coast and representatives of labor organizations, principally the American Federation of Labor, headed by Mr. John P. Frey, president of the metal trades department, American Federation of Labor, and which included representatives of the Bay Cities Metal Trades Council, having jurisdiction over Machinists Union, San Francisco Lodge No. 68, International Association of Machinists, there was concluded on April 2, 1941, a master agreement for the stabilization of wages in the Pacific coast shipbuilding industry.

This agreement included among other things a basic wage rate of \$1.12 per hour; a provision for the payment of overtime, except for

Sundays and holidays but including Saturdays, at one and one-half times the regular wage rate; and a provision for no strikes and no lock-outs.

The Machinists Local No. 68, American Federation of Labor, San Francisco, and the East Bay Machinists Local No. 1304, Oakland, affiliated with the Steel Workers Organizing Committee, C. I. O., notified the San Francisco Bay shipyards on May 8, 1941, of their intention to strike at midnight of May 9 unless these yards agreed to a demand for a basic wage rate of \$1.15 per hour and payment for overtime at double the regular wage rate. The Secretary of the Navy joined with the Chairman of the Maritime Commission in telegrams of protest directed to Mr. William Green, president, American Federation of Labor; Mr. John P. Frey, president, metal trades department, American Federation of Labor; Mr. Harvey W. Brown, president, International Association of Machinists, American Federation of Labor; Mr. A. T. Wynn, secretary, Bay Cities Metal Trades Council; Mr. John Green, president, Industrial Union of Marine and Shipbuilding Workers of America; East Bay Union of Machinists Local No. 1304.

The strike of Machinists Local No. 68, under the leadership of E. F. Dillon and Harry Hook, business representatives, directly affects some 1,900 members of the two unions involved and to a more or less extent some 20,000 other shipyard workers employed on shipbuilding and repair contracts for the Navy Department and the Maritime Commission.

The shipbuilding plants involved, with a summary of their contracts, is as follows:

Bethlehem Steel Co., San Francisco, new construction, 4 light cruisers and 25 destroyers, totaling \$233,000,000; General Engineering & Dry Dock Co., Alameda, Calif., new construction, 12 mine sweepers and tenders and 7 destroyers, totaling \$58,000,000. I am just giving you the rough figures; Moore Shipbuilding & Dry Dock Co., Oakland, Calif., new construction, 7 tenders and rescue vessels; Pacific Dry Dock & Repair Co., Oakland, Calif., new construction, 1 lighter; United Engineering Co., San Francisco, new construction, 4 tugs; total amount involved, \$342,012,000.

The number of man-hours lost by this strike and the delay in the shipbuilding program to date is bad enough, but a matter of much greater importance to the Navy is the all-important question of the whole future of the Navy defense program, if we cannot count on the validity of an agreement signed and agreed to by supposedly responsible union district councils, which are authorized representatives of the locals in the districts. In this case we had an agreement negotiated for weeks, thoroughly understood and agreed to, which contained a no-strike, no-lock-out clause covering a period of 1 year—and within 3 weeks a strike is called by one of the local unions covered by this agreement, paralyzing the shipbuilding operations of 9 large plants in the San Francisco area. The national leaders of the American Federation of Labor and the leaders of the C. I. O. involved, immediately repudiated the strike and have used their best efforts to terminate it, so far without success, as to the particular machinists' union which called the strike.

The American people will not permit the Navy defense program to be retarded and undermined by such performance as this, insti-

gated undoubtedly by selfish or subversive elements, which must be eliminated in this instance and whenever in the future they show their face.

One of the demands of this particular union is double pay for overtime. They base their claim on the fact that during the depression double pay was customary for overtime on the Pacific coast, but they neglect to state that double pay for overtime was instituted for the purpose of eliminating overtime and spreading the work under the existing conditions. Now under present conditions and under the national-defense program they demand double pay for regular overtime steady work amounting to 8 hours per week. There can be no legitimate basis for such demand and the Navy does not intend to absorb in its cost of shipbuilding double pay for any weekly overtime.

The CHAIRMAN. Are there any questions, Senator Connally?

Senator CONNALLY. No.

The CHAIRMAN. Senator Hatch?

Senator HATCH. I wanted to ask about paying this double time. You said during the period of the depression. I seem to recall they claimed this started in 1918.

Mr. BARD. 1918? I don't know how far back it went.

Senator HATCH. That is all.

Senator MEAD, have you any questions?

Senator MEAD. No.

Senator CONNALLY. You say during the depression no overtime was paid. The double time was a device to make it unprofitable to the employer to work them overtime?

Mr. BARD. To spread the work.

Senator CONNALLY. So he would spread the work and employ more people?

Mr. BARD. Yes.

Senator CONNALLY. And these people are now striking and wanting double pay for overtime, and did not receive it actually?

Mr. BARD. There were always some instances of double time to keep a plant going over Sunday, but generally speaking—

Senator CONNALLY. They did not receive, in fact, double time for overtime. That is the thing they are now striking for—one of the things.

Mr. BARD. That is one of the things.

Senator MEAD. Mr. Secretary, I understand that this agreement you mentioned was not universally accepted by all the parties that might be in some way or other connected with this work program, but in this particular case this particular union signed the agreement.

Mr. BARD. No; not the particular union. The council, the San Francisco council, signed the agreement, which represents this union.

Senator MEAD. Oh; but did the representatives of this particular union sign the agreement?

Mr. BARD. I understand not. They weren't asked to.

Senator MEAD. I see.

Mr. BARD. The council signs for them. The council is—

Senator MEAD. Is the parent body?

Mr. BARD. Is the parent body that represents the local union.

Senator MEAD. And this particular union, affiliated with this council, broke that agreement. I wonder if they broke it by a referendum

vote of the individual members, or was it called by some individual leader?

Mr. BARD. I can't answer that.

The CHAIRMAN. We will have somebody on who can answer that question.

Senator MEAD. All right. It is very unusual, in the history of labor organizations, that agreements that are binding are broken, and it would be interesting to know just how this binding agreement was broken, whether it was by referendum or whether it was called by some individual leader.

Mr. BARD. It is recognized by the heads of the American Federation of Labor as an outlaw strike, definitely, and Mr. John Frey undertook to go there and to break the strike personally by walking through the picket lines and calling upon the men to return to work. It is recognized as an outlaw strike.

Senator MEAD. His example evidently wasn't very effective.

Mr. BARD. The last information is that it isn't working too well. Somebody from there could tell you better than I.

Senator MEAD. He has made a very strong effort to return them to work.

Senator BREWSTER. What is your suggestion, Mr. Bard, for a solution here?

Mr. BARD. Well, my suggestion is what Senator Connally has been talking about. In a situation like this, if it is an outlaw strike or if it is a strike as in the case of Allis-Chalmers, where there was a known fraudulent vote, I think the Government should step in and take over. In an ordinary strike, where there is nothing of that kind apparent, where it is simply a disagreement, I think we should go through the regular processes and clear through the Mediation Board.

Senator BREWSTER. Has there been any legislation drafted that would define that situation?

Mr. BARD. Not that I know of. I believe the President has the power through the National Defense Act.

Senator BREWSTER. That is in the case of employers not cooperating, not employees. That is the difficulty which Senator Connally refers to. Would the proper authority in your Department formulate any legislation which they felt would meet this situation, or other similar ones?

Mr. BARD. I think they would be glad to help in that.

Senator BREWSTER. You heard Admiral Land's suggestion. He was somewhat dubious about taking over, but preferred to go more directly to it by eliminating the picket line. What is your comment on that?

Mr. BARD. I wouldn't attempt to comment on that, because the picket line, as I understand it, is very definitely protected legally, and I haven't had enough experience in labor matters to suggest that the picket line be done away with.

Senator BREWSTER. In other words, in your view, if we were to legislate you would legislate toward the Government taking over, rather than toward limiting further the right of peaceful picketing?

Mr. BARD. I would think so.

The CHAIRMAN. Senator Ball?

Senator BALL. No.

Mr. BARD. I think there would be very few cases of this kind, where it is an outlaw strike or where there has been some evident crookedness involved that would make it necessary.

Senator BREWSTER. You foresee considerable difficulty in formulating a definition? The situations always vary, and it is going to be pretty complicated. In this particular case there is, as I understand, a dispute as to whether or not these men were bound by this agreement.

Mr. BARD. There has been another suggestion made that one method of handling situations like the one out here, or the one at Allis-Chalmers, would be for the Department of Justice to prosecute in such extreme cases offenders for conspiracy against the Government and the defense program, and that if we haven't such a law which provides for this, such a law might be created. In the case of the Allis-Chalmers strike, which was held at West Allis, as you know, the Nation witnessed the spectacle there of the officials of the local union carrying on a fraudulent election. They admitted themselves it was fraudulent, and as a result of this fraudulent election, deprived thousands of workers of their livelihood for many weeks, and very seriously affected the defense program. These same officials admitted the election was fraudulent. The State labor board ruled the officials of the local union were themselves responsible for the fraudulent vote. If that isn't a conspiracy against labor and against the Government and against the company, to pull a strike on a fraudulent vote, admittedly, I don't know what conspiracy could be. Nothing has been done about it by any law-enforcing body, or by anybody in authority.

The CHAIRMAN. Any other questions, gentlemen? That is all. Mr. Cooke.

Do you solemnly swear the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COOKE. I do.

TESTIMONY OF MORRIS L. COOKE, CHAIRMAN, SHIPBUILDING STABILIZATION COMMITTEE, OFFICE OF PRODUCTION MANAGEMENT

The CHAIRMAN. Will you give your full name, Mr. Cooke, and your present connection with O. P. M.?

Mr. COOKE. Morris L. Cooke, chairman of the Shipbuilding Stabilization Committee.

The CHAIRMAN. Mr. Cooke, if you will outline this agreement and just exactly what is happening to the shipbuilding program, I will appreciate it very much.

Mr. COOKE. May I start with the origin of the Shipbuilding Stabilization Committee?

The CHAIRMAN. We would be glad to have you do that.

ORGANIZATION AND FUNCTIONS OF SHIPBUILDING STABILIZATION COMMITTEE

Mr. COOKE. I find by the records that in the latter part of September it was reported to the Advisory Commission of the Council of

National Defense that there was a stealing of shipyard help by one yard from another, and it was suggested that some action should be taken. At about the end of October Mr. Hillman was charged with the responsibility of doing something about it. He held conferences with his advisory committee and with representatives of the shipbuilders, with the result that he announced on November 27 the creation of the Shipbuilding Stabilization Committee, to explore ways and means of stabilizing employment in the country's shipyards.

The committee is composed of representatives of organized labor, the shipbuilding industry, the Navy and the Maritime Commission, and O. P. M. Mr. Hillman announced the committee—

is expected to undertake a detailed investigation of wage rates and working conditions with particular emphasis upon the migration of workers from yard to yard and its effect upon production. The inquiry will cover the various shipyard zones throughout the Nation and will form a basis for recommendations to the National Defense Advisory Commission as to the labor program that can best assure the most efficient construction of ships vitally needed for national defense.

There are four representatives of labor on the committee: Harvey Brown, president of the International Association of Machinists; John P. Frey, president of the metal trades department of the A. F. of L.; John Green, president of the Industrial Union of Marine and Shipbuilding Workers of America, a C. I. O. organization; and Mr. Van Gelder, the secretary of that organization.

Mr. Gregory Harrison represents the Pacific coast shipyards; Admiral Land, the Maritime Commission; F. A. Liddell represents the Gulf coast shipyards; and Professor Seward, of Yale, represents the North Atlantic and South Atlantic coast shipyards. H. Gerrish Smith, who is president of the National Council of American Shipbuilders, represents the Great Lakes, and Mr. Powell represents the Secretary of the Navy. There are two alternates, one for Mr. Powell, Captain Fisher; and Captain Gawne for Admiral Land.

We held our first meeting on December 5, an all-day session, and the accomplishment consisted in laying out a rounded program for stabilizing employment in the country's shipyards. Instead of being limited to the matter of wages, this program was projected so as to cover all major matters of labor-management relations. This was set forth in a statement by Mr. Hillman. He announced that the representatives approved a policy urging that there should be no interruption of production on the part of shipyard employers and of shipyard employees before all facilities at the disposal of the National Defense Advisory Commission for adjusting differences had been exhausted. Mr. Hillman declared that preliminary results of these first meetings gave basis for hope that the action of this committee may form a pattern which will serve as a guide to other industries in fostering the most harmonious labor-management relationships and in maintaining highest levels of vital defense production.

When the Shipbuilding Stabilization Committee was authorized, it was suggested by the Council for National Defense that if it proved successful, authorization be given for following the same routine in aircraft production, and Mr. Hillman expressed the hope that other industries might follow the model. So it is quite important from the standpoint of shipbuilding that this first effort be made to succeed if it is in the wood.

For the first zone conference, the Pacific coast zone was selected. We discussed having a great many zones, that is 8 or 10. It was suggested that we might treat the country as a whole, as was done ultimately in the Great War, but we finally settled down to the Gulf zone, Great Lakes zone, Pacific coast with the possibility of dividing it into 2, and the Atlantic coast, also with the possibility of dividing it into 2; but the discussions since then and our experience suggest that 4 zones, Pacific, Great Lakes, Atlantic down to the Florida line, and the Gulf, including the East coast of Florida. Those 4 zones are workable.

On January 24, Mr. Hillman issued a call for the Pacific Coast Zone Conference to meet in San Francisco on February 3. Invitations to attend were sent to all private shipyard employers and all labor organizations having membership among the employees of the Pacific coast shipyards. One of the reasons that led us to go to the West coast was that practically all shipyard workers on the West coast are organized. There are no competing organizations. The conference met on February 3, recessed February 13. Those present as representing the Government in this first portion of the conference were Daniel Ring, of the Maritime Commission; Captain Furer, of the Navy; Mr. Chappell, representing the Conciliation Service of the Department of Labor; and Mr. Norton, executive secretary of the Shipbuilding Stabilization Committee.

The conference remained in session for 10 days and then recessed, and when it began again, or reconvened again on March 10, in addition to Messrs. Ring, Chappell and Norton, who had already been there, Dr. Lubin, of the Office of Production Management, and Captain Fisher, of the Navy, took part.

The San Francisco Conference was organized in such a way that the Government representatives were there as observers. The conference was really between the employers and their organized employees. We organized by having a general conference, attended by about 80 people, and then they appointed a subcommittee to draft the zone standards. My recollection is that when this subcommittee was first appointed there were 27 representatives of labor and 11 employers. That was later cut to 11 representatives of labor and 8 employers, so as to get a workable committee.

On April 2, Mr. Frey advised the Office of Production Management, the Secretary of the Navy, and the chairman of the Maritime Commission that agreement had been reached on the zone standards.

It is important to make a distinction between what we refer to as zone standards and other agreements directly entered into between the parties. Under zone standards are included a basic wage rate for standard skilled mechanics, provisions for overtime pay, shift premiums—that is the premiums that are to be paid men who work on the second and third shifts—the no strike and lock out clause, provision against limitation of production, provision for grievance machinery and arbitration, apprentice training, and the duration of the contract itself. The zone standards do not constitute collective bargaining. They are formal, carefully drafted statements under these six, seven, or eight heads, which can later be incorporated in the collective bargaining agreements between the individual employer and his employees.

Now, in San Francisco, at the time that these zone standards were

being drafted, a master agreement was drafted to aid individual employers and their employees later in establishing contractual relations under collective-bargaining procedures, so that it makes for clarity to recognize three things—zone standards, which were adopted with the approval of the Navy, the Maritime Commission, and O. P. M.; the master agreement, which was formulated at the same time between the group of employers who had been gathered in San Francisco, and the representatives of their employees; and then, thirdly and finally, the agreements which were later signed between individual employers and their employees. Those actual agreements in many cases provided for things that were not included in the master agreement, a variation, for instance, in the matter of holidays, and other minor matters that are included in the individual agreements that were not covered by the master agreement and not referred to at all in the zone standards.

After we were advised by the conference in San Francisco that these zone standards had been adopted and they had been approved we received from John Green, the president of the Industrial Union of Marine and Shipbuilding Workers of America, a copy of a letter that he had sent to his representatives on the West coast:

We have been informed that the Office of Production Management and the Navy Department have approved the zone standards agreed upon at the San Francisco conference on April 2. This is to advise you that the national office also approves the standards agreed upon for the Pacific coast, and we herewith urge that local 41 ratify this agreement at the earliest possible moment, so that it may be put into effect without delay.

A similar letter was sent to the other C. I. O. local on the West coast.

Perhaps I should say that at one of our meetings here in Washington it was agreed that whichever labor organization had the largest membership, in any given zone, that labor organization should appoint the man to represent labor in the work on these zone standards, and that representatives of any competing organization, if there at all, would be there as observers. On the West coast, where there was no difficulty in deciding that the American Federation of Labor had the largest membership, Mr. Frey was put in charge, and stayed in charge throughout the proceedings.

On the Great Lakes, similarly, the A. F. of L. had by far the largest membership, and Mr. McDonough, also representing the metal-trades department, was put in charge.

Senator CONNALLY. May I ask you a question right there? Is this striking union a member of the metal trades?

Mr. COOKE. Yes; it is.

Senator CONNALLY. It is a subsidiary of it?

Mr. COOKE. It is a union in the machinists, a local of the Machinists' Union, and the Machinists' Union is one of the cooperating unions in the metal-trades department of the American Federation of Labor.

Senator CONNALLY. And Mr. Frey is head of the metal trades?

Mr. COOKE. He represents the metal trades on the ship stabilization committee.

Senator CONNALLY. And he was the one who led the group through the picket lines and thought there should not be a strike?

Mr. COOKE. I understand from the newspapers that that is the case.

On the east coast, similarly, the C. I. O., Mr. Green's organization, had by far the largest membership, so Mr. Green has been in charge. I should have said that we called conferences in Chicago for the Great Lakes and in Washington for the Atlantic coast, and in New Orleans for the Gulf.

In San Francisco Mr. Gerrish Smith, a representative of the employers, was elected chairman of the conference, and Mr. George C. Castleman, general vice president, International Association of Machinists, acted as chairman of the negotiating committee. In Chicago, Mr. Walter Fisher was chosen chairman of the conference and also acted as chairman of the negotiating committee. Here in Washington, Gerard Swope, past president of the General Electric Co., was chairman of the conference, and Dr. Brissenden, of Columbia University, was chairman of the negotiating committee.

In New Orleans the Right Reverend Peter Wynhoven acted as chairman of the negotiating committee and as chairman of the conference.

I have here a copy of the master contract, but as we had nothing to do with that, that is here just as a matter of interest. Our interest stops when the zone standards have been adopted, but they have been incorporated in this master agreement and all the other agreements, the individual agreements, that were drawn on the West coast.

That brings us up to date, Mr. Chairman.

The CHAIRMAN. Are there any questions, Senator?

Senator MEAD. Has O. P. M. made any effort to let contracts that are now being held up as a result of this strike to any shipyards that haven't as yet received contracts for shipbuilding?

Mr. COOKE. I don't believe I get your question.

Senator MEAD. It is my understanding that there are a number of shipyards in the country that have no contracts to build ships for the Navy or for the Maritime Commission. I was wondering if O. P. M. has given any consideration to the thought of letting contracts that are now being held up as a result of this strike with shipyards that haven't as yet received any contracts.

Mr. COOKE. I am surprised to know that there are any shipyards now in being that haven't contracts. Some that are not yet in being but are coming up have contracts. Have you some specific yard in mind?

Senator MEAD. Only yesterday the Cargill Construction Co., of the port of Albany, brought to my attention that while they have been building cargo ships for private lines, they haven't been given any contracts to build any ships, either by the Maritime Commission or by the Navy, and it occurred to me that if that was true at the port of Albany, there must be and probably would be some other shipyards in the country that would be able to take over some of these contracts and get started on them.

Mr. COOKE. It is a surprise to me to know that there are any shipyards competent to do Government work not now fully employed. There is practically no private shipbuilding today. Sun Ship at Chester, Pa., have a few tankers for private account, but virtually all shipbuilding is public.

Senator MEAD. This company is without a contract, and they have just completed a 12,000-ton tanker; and just a short time ago a group

from Poughkeepsie, N. Y., that built destroyers during the World War called upon me and explained that while the shipyard was there and required machinery, they were unable to secure a contract to build any ships for the Navy.

Now, the reason for it is, I presume, due to the fact that the Maritime Commission, perhaps the Navy also, are anxious to divide the work equally all around the country. But in the division of the work they probably have neglected to give contracts to existing facilities, and I was thinking that if that is the case—and the O. P. M. should explore it, if it is or it isn't—that some of this construction work could be carried right on by lodging contracts where they haven't been given before.

Mr. COOKE. Frankly, I am very much surprised if there are facilities available that they haven't been utilized, because, as you know, new facilities are being created.

Senator MEAD. There are facilities ready at the port of Albany, and there are facilities that could be whipped into shape shortly at Poughkeepsie, and that is probably true in other sections of the country as well.

Senator BALL. I think that is true to a considerable extent on the Great Lakes.

Mr. COOKE. You know that is complicated by the character of the shipping that can be built there.

Senator BALL. That's right.

The CHAIRMAN. Any questions, Senator Brewster?

Senator BREWSTER. What do you suggest, if anything, to solve this immediate problem we have, Mr. Cooke?

Mr. COOKE. Senator Brewster, I am really not authorized. Any opinions I gave would be purely personal, and I doubt whether they would be very helpful. The Labor Division has pretty carefully worked out policies that they are putting into effect, and, as you know, the best-laid plans have exceptions, and they have to be treated as exceptions, but in my personal opinion the fewer exceptions we have the better.

Senator BREWSTER. You are chairman of the Shipbuilding Stabilization Division of the O. P. M.

Mr. COOKE. That is right.

Senator BREWSTER. And this was your first brain child here?

Mr. COOKE. I had nothing to do with it. It was simply one of a number of duties, being made chairman of it.

Senator BREWSTER. I thought it was something you could be proud of. You did produce these zone standards which later resolved into the master agreement.

Mr. COOKE. We feel that the technic that has been adopted with the collaboration of Government, labor, and the private shipbuilding industry may lead to something very important, and, therefore, we look upon this mishap in San Francisco as distressing, to say the least.

Senator BREWSTER. You do see the problem with which we are faced, of finding out, if we can, what the difficulty is, and both the representative of the Maritime Commission and the Navy have made their suggestions, and it is your thought that as far as the O. P. M., you have no suggestion to make at this time?

Mr. COOKE. Except for absolute insistence on the enforcement of contracts. If we can't have enforcement of contracts, of course all that we are attempting to do goes out the window.

Senator BREWSTER. Do you, from your study of it, feel that the action here is a violation of the agreement?

Mr. COOKE. Of personal knowledge, I can't say that. I have every—from all I have heard and read—reason to believe that it is, but I would hesitate to say that too positively.

Senator BALL. Mr. Cooke, are you generally familiar with the terms of that master agreement out there?

Mr. COOKE. I am familiar with the zone standards.

Senator BALL. I was wondering this. What were the wages of the machinists prior to that agreement? That agreement provided for \$1.12 an hour; did it not?

Mr. COOKE. The wages varied from \$1 to \$1.15. Generally speaking, the wages in Los Angeles and in San Francisco were \$1. In certain yards to the north they were \$1.15, one of the difficulties in ultimately agreeing on \$1.12.

Senator BALL. I see. These machinists, then, in these shipyards to the north, have actually accepted a reduction of 3 cents an hour, or did they keep their \$1.15?

Mr. COOKE. No; because it is provided that nobody's wages—there are a number of provisions affecting wages, such as shift provisions and overtime, and it is provided that nobody's compensation shall be reduced on account of zone standards.

Senator BALL. I see. How does that increase, then, of 12 cents an hour for the machinists in this San Francisco and Los Angeles area compare with the increases granted to other crafts in those zone standards? That would be an increase of about 12 percent.

Mr. COOKE. The standard mechanic's rate covers the standard mechanics in most of the crafts. It doesn't apply only to machinists. I have forgotten just how many crafts there are, but I should as an offhand guess say that there are 25 or 30 crafts affected by it.

Senator BALL. By that \$1.12?

Mr. COOKE. Yes.

Senator BALL. What were the wage rates of the other crafts?

Mr. COOKE. The \$1 rate applied generally to these standard mechanics. That is a figure that in all shipyards is used as a basis for the computation of other wages. Some of them are above and others below, going all the way down to common labor, but after that base rate for a standard mechanic is fixed there is very little negotiating necessary for making the adjustments.

Senator BALL. Then what is this double time for Saturdays, Sundays, and holidays? Did that prevail for all mechanics as well as machinists prior to this zone standard?

Mr. COOKE. I think in San Francisco, to the north, that was pretty general. If my recollection serves me it was time and one-half in Los Angeles, but as either Admiral Land or Secretary Bard said, double time there and elsewhere was used as a bar to overtime rather than a deterrent.

Senator BALL. Were they on a 40-hour week? Their standard week is 40 hours.

Mr. COOKE. That's right.

Senator BALL. And has been?

Mr. COOKE. That's right.

Senator BALL. And they actually were working very little overtime prior to this emergency?

Mr. COOKE. They were working Saturdays; most of these people were working Saturdays, so that they got double time for Saturdays.

Senator BALL. Was that recently or was that during the emergency?

Mr. COOKE. Sir?

Senator BALL. I think Admiral Land said that the double-time provision was put in during the depression, when actually there was no overtime work.

Mr. COOKE. That is right.

Senator BALL. But in the last year or so they have been getting double time for Saturday?

Mr. COOKE. I think it goes back, as a matter of fact, before the depression. My recollection is that it was generally adopted in that west coast country about 20 years ago.

Senator BALL. So that during the depression, before the present program started, they were getting \$40 a week, and when they had been working them on Saturdays they were getting \$56. They were getting \$16 more.

Mr. COOKE. That's right.

Senator BALL. And under the zone standards they would get, as I figure it, \$58.24, with time and one-half, and they are asking for \$6.16 more, which would bring them up to \$64.40.

Mr. COOKE. That is, these 2,000 men are.

Senator BALL. Yes.

But the general picture is that all mechanics were pretty much on the same basis, that all of them have accepted these zone standards except the machinists, who want the \$6 more.

Mr. COOKE. You usually find the patternmakers, for instance, are—

Senator BALL. Higher?

Mr. COOKE. Higher; but, generally speaking, your statement is correct.

Senator BALL. Do you know whether local 68 out there in San Francisco gave this committee that was negotiating this zone agreement any notice that they didn't like the provisions?

Mr. COOKE. No; I have no knowledge of that, except the same as you have.

Senator BALL. Do you know whether they called in the Government Conciliation Service or called on the Mediation Board before work was stopped?

Mr. COOKE. No; I don't.

Senator HATCH. On that point that Senator Ball has just been asking you about, during this entire period of negotiations, was there any question ever raised by any group or organization, or any union, that the representatives purporting to speak for organized labor did not have authority to speak for them?

Mr. COOKE. That I couldn't tell you. I recall that they started in with very numerous labor representation on this negotiating commit-

tee or subcommittee. It was gradually cut down, and I assume that some agencies that before had been personally represented in the sense of having one of their members on this committee were eliminated, but that is common practice in negotiations.

Senator HATCH. What I mean is this: Was any protest made? Did anybody complain that they were not represented and would not be bound by any agreement?

Mr. COOKE. That I can't tell you. Mr. Frey would know that, and perhaps Mr. Smith, Mr. Gerrish Smith, who was chairman of the conference.

The CHAIRMAN. Any other questions? (None.)

That is all, Mr. Cooke.

The mayor of San Francisco, Mayor Rossi.

Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mayor ROSSI. I do.

TESTIMONY OF HON. ANGELO ROSSI, MAYOR OF SAN FRANCISCO, CALIF.

The CHAIRMAN. We are glad to have you with us, Mr. Mayor.

Mayor ROSSI. I am very happy to be here.

The CHAIRMAN. We want the viewpoint of the executive of San Francisco in this situation.

Mayor ROSSI. I would be happier still, though, if that strike were settled.

The CHAIRMAN. So would we all. We have been trying by every means at our command to get it settled, and I understand that you have, too.

Mayor ROSSI. Yes I have, but sometimes you get unreasonable people who don't want to listen to reason.

The CHAIRMAN. Tell us the facts as you know them, Mr. Mayor.

FACTS IN WEST COAST SHIPBUILDING STRIKE AS OUTLINED BY MAYOR OF SAN FRANCISCO, CALIF.

Mayor ROSSI. Mr. Chairman, in conversation with Mr. John P. Frey, president of the metal trades department of the A. F. of L. last evening, I discussed the matter quite thoroughly and I finally asked him to send me a night letter giving me the essential facts of the dispute, so with your permission I will read the contents of this night letter.

The CHAIRMAN. Proceed.

Mayor ROSSI [reading]:

For the first time in the Nation's history the Government has participated in and become a party to an agreement between the employers and employees covering terms of employment and conditions of labor. The Shipbuilding Stabilization Committee, acting under Office Production Management, Council of National Defense, brought about a conference to negotiate an agreement covering shipbuilding on the Pacific coast. On the coast there are five shipbuilding metal trades councils chartered by the metal trades department, American Federation of Labor, Los Angeles, San Francisco, Portland, Tacoma, and Seattle. These councils are composed of the local unions of metal workers in their city or area.

Each council was instructed to elect three of its members to serve on negotiating committee. In addition, the international unions affiliated with the metal trades department were requested to send an international officer to participate. When the general negotiations committee decided to appoint a subcommittee each delegation of metal trades councils met separately and elected one of their number.

The 20 international unions represented met and selected 4 of their number. To these were added M. H. Stafford, general representative of the Pacific Coast District Metal Trades Council, and Harry Hook, representing machinists locals.

When the tentative agreement had finally been formulated, after some 5 weeks of conferences, the minutes of the conference indicate that it was Harry Hook who offered the following motion: "That the attached letter to Office of Production Management, the Maritime Commission, the Navy Department, and the master agreement be adopted by the conference for submission to the respective groups for ratification."

After the general negotiating committee or conference had adopted this motion unanimously, which included Harry Hook, they recessed from April 10 to April 21, so that the master agreement could be submitted to the metal trades councils and to the membership of each local union affiliated for a referendum vote.

In company with national representatives and members of the metal trades councils subcommittee, I visited the five cities already named for the purpose of explaining the agreement and advocating its approval. One of the international officers of the International Association of Machinists accompanied me, a Mr. George C. Castleman, who had served throughout the 5 weeks' conference as the chairman of the negotiating subcommittee. The metal trades councils of Los Angeles, Portland, and Tacoma ratified the agreement and recommended its adoption by the affiliated local unions through unanimous votes. In San Francisco and Seattle the metal trades councils approved by an overwhelming majority. The question then submitted to each local union affiliated with our councils, and they in turn in their own meeting halls ratified the agreement by an overwhelming majority.

The official records of this vote were tabulated when the general conference reconvened in Seattle April 21, and the record of votes being established, the agreement was officially signed by the international representatives of each of the five local metal trades councils, and also by the undersigned as president of the metal trades department, American Federation of Labor, and its affiliates.

The agreement was signed for the International Association of Machinists by Mr. George C. Castleman, for the Pacific Coast District Metal Trades Council, which is the federation of all of our metal trades councils on the Pacific coast, including the five councils having jurisdiction of shipyards. The agreement was signed by Anthony Ballerini, president of the district council, and also the business representative of one of the machinists' unions in San Francisco. The record therefore indicates that the one who offered the motion originally to adopt the agreement, recommended its adoption by the membership, was Harry Hook, of San Francisco, and the master agreement itself was signed by Mr. Castleman and Mr. Bellarini.

The machinists' unions in all other shipbuilding yards that have worked under this agreement are doing so without any friction. It is only Local 68 of San Francisco who decided, after taking full part in all the negotiations, to take the action which they have, the most serious blow to collective bargaining and the integrity of agreement with employers which has ever occurred in our industrial history.

JOHN P. FREY.

The CHAIRMAN. Who is Harry Hook?

Mayor ROSSI. I was just going to tell you.

The CHAIRMAN. Proceed.

Mayor ROSSI. Gentlemen, I desire to supplement what I have just read to you, by stating that I have had similar experiences with Mr. Hook and his kind on many occasions.

The CHAIRMAN. What do you mean by "his kind"? Are they Bolsheviks or what?

Mayor ROSSI. I leave that to your discretion.

On many occasions, during the general strike of 1934 in San Francisco particularly, as mayor of San Francisco I had many occasions to contact the labor leaders, of which I am proud to say many are members of my official family. But insofar as Mr. Hook and his type are concerned, my dealings with them have been anything but fair or pleasant.

At this time, in a great national emergency, there should be no reason why employers and employees should not be able to get around a conference table and adjust their differences to their mutual satisfaction and benefit through the machinery set up by the Federal Government and without discomfort or hardship to the public at large.

Whether it be employer or employees, when one's activities are motivated by greed, selfishness, or any other motive but patriotism and fair play, I consider them no more or no less than Benedict Arnolds, and believe they should be dealt with accordingly.

To further identify Mr. Hook, I would say that he is a buddy and a coworker of Harry Bridges.

The CHAIRMAN. I was just going to ask you that.

Mayor Rossi. As mayor of San Francisco, it is my sworn duty to see to it that law and order prevail, and that I will do to the very best of my ability.

The CHAIRMAN. Why do you think this outlaw strike, this so-called outlaw strike, was brought about, Mr. Mayor?

Mayor Rossi. Well, I would say that my definition of Mr. Hook would answer your question.

The CHAIRMAN. You think he is not the sort that would stick to an agreement anyway?

Mayor Rossi. I don't think he would live up to an agreement, even to a signed one.

The CHAIRMAN. Any questions?

Senator HATCH. No.

The CHAIRMAN. Any questions, Senator Ball?

Senator BALL. I take it you think the best way for settling this would be to remove Mr. Hook from his present position.

Mayor Rossi. I don't know that that is the best way or not, but at any rate I know this much, that this country is in a state of emergency and we have the job to do, and the only way to do it is for all to get behind it. Just so long as you have to deal with people of that type you are going to have trouble right along. Now, how to get rid of him, that is a question to be determined by someone else.

Senator BALL. The inference from what you told us is that Mr. Hook told one story to the negotiating committee on which he served and then went back to his union and told them an entirely different story about this master agreement.

Mayor Rossi. I don't know how to reply to you, as far as that is concerned. But the real experience I have had with him myself proves he never tells the same story twice.

The CHAIRMAN. What is his background? Where did he come from?

Mayor Rossi. That I would like to know, and I would send him back where he came from.

Senator BREWSTER. Did the union vote to authorize this strike, or was it done by their agent?

Mayor ROSSI. That I don't know the details of, how the strike came about. As a matter of fact, I read in the paper that the agreement had been arrived at and we were quite happy to think that at last an agreement had been reached where there would be no strikes. Shipbuilding on the Pacific coast was nil for a good many years. It started up again, and trouble has cropped up right away.

Senator BREWSTER. Out of your experience there, you have heard the suggestions of the Government taking over, or the breaking of the picket line. Would you comment on either of those proposals, as to what is the most practical?

Mayor ROSSI. I think they are well within their rights to maintain a picket line. That matter was decided upon by the vote of the people of the State of California.

Senator BREWSTER. Peaceful picketing is authorized by the laws of the State of California?

Mayor ROSSI. Peaceful picketing is legal.

Senator BREWSTER. What do you say about the proposal of the Government to take over the plants?

Mayor ROSSI. If we can't get anybody else to do the job, I think it is the duty of the Government to take them over. It is an emergency and we have a job to do. We cannot continue on with the shipbuilding if we are going to have delays every now and then. There is no question in my mind that something should be done and done at once. But I wouldn't be a bit surprised, after this is settled, if you have another one.

Senator BALL. Don't you think that possibly the A. F. of L. Machinists International can step into this picture, if the facts are as we have them so far, and furnish machinists to do this job, pull them from other parts of the country?

Mayor ROSSI. From what I read in the papers, I think Mr. Green did step in or intercede in some way, but apparently they paid no attention to him, at least this particular union.

I would like to state that up until last night there was no violence whatsoever. Picketing was peaceful.

Senator BREWSTER. You read about the Navy taking the men through the picket line, did you? It was reported in the paper last night—Navy trucks.

Mayor ROSSI. No; I didn't read that.

Senator BREWSTER. According to the reports I read in the paper, four or five hundred men were taken through the picket line by Navy trucks.

Mayor ROSSI. I think that was in Alameda County. I think very few unionists crossed the picket line who are not directly involved in the strike. What the situation is today I haven't heard yet, but I will contact San Francisco as soon as I get back to the hotel.

The CHAIRMAN. Are there any other questions? (None.)

Mr. Mayor, we are appreciative, and thank you for coming.

Mayor ROSSI. Thank you for the privilege of being before you.

The CHAIRMAN. Mr. Homer.

Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOMER. I do.

**TESTIMONY OF ARTHUR B. HOMER, VICE PRESIDENT, BETHLEHEM
STEEL CO., SHIPBUILDING DIVISION**

The CHAIRMAN. Mr. Homer, will you state your full name and your official position with the Bethlehem Steel Co.?

Mr. HOMER. Arthur B. Homer, vice president, Bethlehem Steel Co., shipbuilding division.

The CHAIRMAN. I would like for you, Mr. Homer, to state for the benefit of this committee the position of the Bethlehem Steel Co. in regard to this controversy in San Francisco.

**POSITION OF BETHLEHEM STEEL CO. REGARDING WEST COAST SHIPBUILDING
STRIKE**

Mr. HOMER. It is a little difficult, Mr. Chairman, to make a statement until I know exactly what the question is that you wish to have answered.

The CHAIRMAN. The question that I wish to have—

Mr. HOMER. There are so many things that might be discussed in connection with this situation that if you could clarify it to a certain extent I will endeavor to be of just as much help as I can.

The CHAIRMAN. Start from the beginning and tell us just exactly what brought this situation about and what the attitude of the Bethlehem Steel Co. is toward this agreement, which is purported to have been broken by this Union No. 68 in San Francisco.

Mr. HOMER. Well, briefly, the situation that brought the strike about, the immediate situation, was the refusal of the machinists to go along with the stabilization zone agreements on the west coast.

The CHAIRMAN. Was the Bethlehem Steel Corporation a party to those agreements?

Mr. HOMER. They were a party to them and agreed to go along with them and have put them in effect.

Senator BREWSTER. You should distinguish between what they call zone standards, master agreements, and local agreements.

Mr. HOMER. Yes.

Senator BREWSTER. As I understand, you were a party to the zone standards and are ready to observe them.

Mr. HOMER. That is right.

Senator BREWSTER. But you have not entered into the master agreement or the local agreement.

Mr. HOMER. That is true.

Well, I had better go back.

The CHAIRMAN. You see what we are after.

Mr. HOMER. I see the nature of your inquiry. We did not have on the West coast any signed agreement with the A. F. of L. union which was the predominating union in the San Francisco area, and when the Pacific coast stabilization conferences started we agreed to abide by the decisions of the zone conference as far as those decisions went. They were definitely limited to certain things, such as wages, hours, overtime payments, shift work payments, and an agreement to have no strikes and no lock-outs, an agreement for arbitration, and so forth.

And we agreed to go along with those, and when they were agreed upon by industry and O. P. M. and the Navy and the Maritime Commission and the representatives of the union, we put them into effect in our yard in San Francisco.

Senator BREWSTER. Did that include the question of the closed shop?

Mr. HOMER. No, but I am coming to that.

Senator BREWSTER. Excuse me.

Mr. HOMER. Subsequently the union entered into negotiations with the companies with whom they had agreements for the purpose of modifying the existing agreements to comply with the terms of the zone conference agreement, and we were presented, at a later date, with this so-called master agreement for consideration which contained a closed-shop clause.

In the meantime the question arose as to who represented the employees in our San Francisco yard, and we entered into a stipulation with the National Labor Relations Board that if they would determine who was the collective bargaining agency we would bargain collectively with this agency and on reaching an agreement would sign what was agreed upon. So there was no issue about signing an agreement. We were notified by Mrs. Rossiter, the regional director in San Francisco, that the Bay Cities Metal Trades Council had been determined to be the collective bargaining agency representing a majority, approximately 60 percent of our employees according to the count that was taken, and we agreed to deal with them as the collective bargaining agency.

Senator BALL. Who voted? What agency did the other 40 percent vote for, of your employees?

Mr. HOMER. There was no vote taken. The National Labor Relations Board made a check of our employment records with the records presented by the Bay Cities Metal Trades Council.

Senator BALL. Is this an A. F. of L. organization?

Mr. HOMER. It is the council representing all of the A. F. of L. unions, as I understand it, in that San Francisco area.

Senator BALL. Is your plant then an open shop? These other 40 percent presumably are nonunion employees.

Mr. HOMER. Yes; it is an open shop. I haven't any way of checking the number, but I would rather assume that the 60 percent of them being identified as members of the A. F. of L., the other 40 might be members of C. I. O., or have no affiliation whatsoever.

Senator BALL. You could make a pretty good guess on that, couldn't you?

Mr. HOMER. I would have to guess. Naturally I don't know.

Senator BALL. I mean, do you know what percentage are nonunion, roughly?

Mr. HOMER. No; I wouldn't have any way of being able to tell.

Shall I proceed?

The CHAIRMAN. Proceed.

Mr. HOMER. So, that having been determined, they presented us with a master agreement similar to that which had been presented to the other yards, and we are now in the midst of negotiations in connection with that agreement. There is practically nothing in the master agreement that is unsatisfactory to us except for one thing, and that is the closed-shop provisions which was not discussed at all as far as the

zone standardization proceedings were concerned. That was put into the master agreement afterward. This is aside from the cause of the strike. I am merely giving you the picture, because there has been some question as to what our activities have been in connection with collective bargaining and representation and the signing of an agreement.

In our opinion the strike was caused by the refusal of the machinists to go to work, and their demands for \$1.15 an hour and double time, which were contrary to the agreement reached of \$1.12 and time-and-a-half for shipbuilding work only.

The CHAIRMAN. Do you think your refusal to sign an agreement for a closed shop had nothing to do with it?

Mr. HOMER. The agreement had not been presented to us at all at the time the strike was called, nor was there any issue on this particular question of closed shop at that time. It has only arisen in the last few days.

Senator BALL. Can you tell us what this practice was, or what was the actual effect of this double time for Saturday and Sunday provision in recent years? One of the points at issue here is double time, instead of time-and-a-half on Saturdays, as I understand it.

Mr. HOMER. Yes.

Senator BALL. Have they actually been working more than a 5-day week in recent years, and if so, since when?

Mr. HOMER. Before the national emergency and the increase in the amount of shipbuilding and ship repair work, there was practically no shipbuilding work on the west coast. There was some repair work, but it was of a normal amount and the main or the regular week was a 40-hour week. There was very little overtime, and what overtime occurred was on repair work of an emergency nature, where the owner of the ship was willing to pay for it to get the ship out earlier. But the double-time situation out there wasn't important at all. It was more of a—well, I might say—prohibition factor against working overtime, to prevent overtime.

Senator BALL. But you began getting these contracts when, last fall or last summer?

Mr. HOMER. Yes, in July.

Senator BALL. And did you go on a 48-hour week then?

Mr. HOMER. No, we haven't gone on a 48-hour week until quite recently, except in certain departments on Navy work only.

Senator BALL. When?

Mr. HOMER. Well, on our Navy work I would say probably 2 or 3 months ago, and it has only been within the last 2 weeks on Maritime Commission work. The reason for that is that the Navy authorized us to go on the Saturday work at the time and one-half rate, and the Maritime Commission recently authorized us to go on the Saturday work on an overtime basis of time and a half for any work that we had of theirs. Prior to September 1940 there was no overtime work on ship construction.

Senator BALL. When you went on the 48-hour-week basis 2 or 3 months ago on Navy work did you pay time and a half or double time for Saturdays?

Mr. HOMER. We paid time and a half on the ship work.

Senator BALL. You paid double time——

Mr. HOMER. There was practically no overtime work until recently. The shipbuilding work had not reached the point where we could put in very much overtime on it. It was of very minor nature.

Senator BALL. In other words, these machinists had not received double time for working on Saturday, simply because they hadn't worked?

Mr. HOMER. They hadn't received it because we didn't work them. We knew that the Navy would not approve it, and we were so notified, so that we couldn't very well pay double-time.

Senator BALL. You are working three shifts now?

Mr. HOMER. In certain departments and trades, yes, sir; insofar as we can we are working three shifts.

Senator BALL. Are you keeping them going Saturday and Sunday, too, by swing shifts?

Mr. HOMER. Not on Sunday if we can avoid it. In all our yards we are endeavoring to work the full 6-day week.

The CHAIRMAN. Is the Bethlehem Steel Co. now willing to sign an agreement covering all phases of this situation except the closed shop?

Mr. HOMER. That is substantially correct; yes, sir. We have practically no differences regarding the agreement that has been presented to us in San Francisco by the Bay City Metal Trades Council except the closed shop.

The CHAIRMAN. I understand that the closed-shop issue has not been raised by the unions; is that true?

Mr. HOMER. No; the closed-shop issue has been raised within the last week by the Bay Cities Metal Trades Council.

Senator HATCH. It was not raised at the time the strike was called?

Mr. HOMER. No. It is not part of the master agreement that was presented to us recently since the strike started. However, negotiations have not been broken off. We are continuing to negotiate, although they have been told that we would not sign an agreement with the closed-shop provisions in it.

Senator HATCH. I understood that that issue did not arise at the time the strike was called.

Mr. HOMER. Oh, no, it did not arise until after the strike was called.

The CHAIRMAN. That issue is not a part of this strike?

Mr. HOMER. Not as we view it.

Senator BALL. Are they asking for a flat closed shop, requiring this other 40 percent to join unions, or a preferential shop, saying that new employees—

Mr. HOMER. The closed-shop provision would provide, generally, that no one could be employed in our yard unless they were a member of the Bay Cities Metal Trades Council or affiliated unions.

Senator BREWSTER. Are they asking for a check-off?

Mr. HOMER. Not as yet.

Senator BALL. Have you been paying, up to the time these zone standards became effective, your mechanics and machinists generally a dollar an hour?

Mr. HOMER. We were paying about \$1 an hour, exactly the same as the other yards in the same locality were paying.

Senator BALL. So that this represented a 12-cent-an-hour increase?

Mr. HOMER. Yes; it represents an increase in the first-class mechanics' rate of from \$1 to \$1.12 in the San Francisco district.

Senator BREWSTER. What about the labor situation on the west coast so far as shipyard mechanics are concerned? Is there any surplus?

Mr. HOMER. No; there is not a surplus.

Senator BREWSTER. What about the matter of training shipyard workers? How far is it possible to ameliorate the situation as time goes on by that method?

Mr. HOMER. We have started training schools in all of our yards throughout the country and we are endeavoring to train men that we need for this program without going out and taking them away from anyone else. We started almost a year ago, anticipating this situation, and have started schools in all our yards, and it is working out very well.

Senator BREWSTER. How long does it take in general to train the average man?

Mr. HOMER. It depends upon the trade, but it might take anywhere from 2 to 3 months to train a man to do a special job. No training program under these conditions is of value to us unless it can be accomplished quickly. We couldn't wait to put an apprentice through 4 years of a regular apprentice course. The emergency might be over by then. We have to have the men as soon as possible, but we have analyzed our requirements and have already increased in our total operations from about 15,000 men about a year ago to over 40,000 men at the present time.

Senator BREWSTER. Are there any restrictions in any of these agreements as to training of new workmen?

Mr. HOMER. There are some restrictions, but in this master agreement proposed on the west coast we feel that that matter can be worked out on a cooperative basis with the representatives of the Bay City Metals Trade Council.

Senator BREWSTER. You feel sufficient latitude is left?

Mr. HOMER. I think there would be enough latitude.

Senator BREWSTER. Is the National Youth Administration carrying on any training for men that come into your plants?

Mr. HOMER. They are in some parts of the country carrying out training courses to prepare men for work in the shipyards, and we are taking a number of those men. We usually put them through our own course, but a shorter course, after they have been through that.

I might just add, regarding the closed-shop situation, so that our position is clarified, we have a great many yards in operation in this country in which we have A. F. of L., C. I. O., independent or no organization existing representing the men. Our position has been, and it has been that for some time, that we do not want to enter into any agreement that will force any of our employees to join any union. We believe there is some question as to whether we can do it under the law, and we believe that any man who works in any of our yards should have the right to join any labor organization or to refrain from joining any labor organization, and we want to give our men what they want, and therefore we feel that we should not be put in the position of signing any agreement that forces a man to join a labor organization. And that is just exactly what this closed-shop situation on the west

coast would do if we signed it. It would mean that everyone who would be employed by us there would have to be a member of the Bay Cities Metal Trades Council or affiliated unions before we could employ them.

Senator BREWSTER. You don't have a closed shop in any of your plants anywhere?

Mr. HOMER. No; that is right.

Senator BREWSTER. Are you affiliated with Bethlehem Steel?

Mr. HOMER. Yes; part of Bethlehem Steel, the shipbuilding division.

Senator BREWSTER. That wouldn't be true of the steel plants.

Mr. HOMER. I don't know of any closed-shop agreement in any of the steel plants. We have an agreement with the C. I. O. in New York in one of our shipyards, recently signed. That is not a closed-shop agreement.

Senator BALL. How many employees do you have in your San Francisco shipyards?

Mr. HOMER. About 5,000.

Senator BALL. Five thousand? How many machinists are out on this strike?

Mr. HOMER. I have heard it estimated that there are about 1,700 machinists out.

Senator BALL. That is the total. I mean from your plant.

Mr. HOMER. I haven't the figures with me, but I would guess that we probably employ around 300 or 350 machinists in our shipyard at San Francisco.

Senator BALL. Are you operating at all now?

Mr. HOMER. No.

Senator BALL. It has closed you down completely?

Mr. HOMER. Completely since the 12th of May.

Senator BREWSTER. Would you want to make any suggestions about a solution? We realize that you are not a Government official, so may not be under the same obligation to make suggestions to us. You are a citizen.

Mr. HOMER. Well, as a citizen, I regret very much that we are unable to continue with the program of shipbuilding which this country needs so much and which we have done so much to work out to make it possible to continue with a program of expansion in the Navy and the merchant marine. From the patriotic standpoint, it seems that on one hand everyone is endeavoring to do all that they can to make this thing possible, and on the other hand a very small minority, led by certain individuals—I don't infer and don't want to infer in any way that that applies to other groups out there, because I feel that some of these men who are in charge of the labor movement out there are just as patriotic as you and I, but there are certain individuals in that particular locality that apparently have motives that are questionable as far as our national defense program and the success and continuation of it are concerned. I believe that our employees out there want to work. I believe that they want to do everything that they can, but that there is a situation there where, through coercion or other methods, they are being prevented from working.

My only suggestion as a citizen is that if those factors are eliminated from the picture, we will probably have no difficulty in continuing in the program that we have.

Senator BREWSTER. What would you feel about Senator Connally's suggestion of Government operation? How practical would that be?

Mr. HOMER. I think it would be impracticable. I don't know how it would work. I don't know how you can get the men to go back to work if they don't want to work, or if they have leaders who say, "You cannot go back to work." And I don't see how taking over our yard out there by the Government would help the situation at all. The trouble is not with us. We are willing to operate that plant and I believe that a great majority of our men are willing to work and want to work. That isn't the trouble. We are ready, we have the equipment, we have the men to do it, but if somebody keeps them from coming to work, the taking over of the plant by the Government won't help that situation at all. The fault is not with the employer. If the employer had been derelict in his duty or if he had refused, himself, to do something, the Government might be justified in coming in and taking over the plant; but that isn't so in this case.

Senator BREWSTER. That would be the justification of the provision in our mobilization plan, where we take over if the employer won't play ball.

Mr. HOMER. If the employer won't play ball I think the Government is justified in taking over, if in the interests of national defense it is necessary to do so.

Senator BREWSTER. Would the corollary of that necessarily follow, that is, that if the employees won't play ball, the Government takes them over?

Mr. HOMER. Well, I don't know how they would take them over, and I don't think it is necessary to take them over. I am a great believer in the patriotism and willingness of the workingman in this country to do the job the way it ought to be done, if he is given a chance to do it. There isn't any doubt about that anywhere in our organization.

Senator HATCH. Is this the gist of the difference as you have related it: The provision which would require double time for overtime instead of time and a half for overtime. That is one of the differences?

Mr. HOMER. Between the machinists in that locality, yes; I think that that is one of the issues, or was one of the issues on which they struck. One was the \$1.15.

Senator HATCH. I was going to get to that. Having received, under this agreement, 12 cents an hour increase, I believe——

Mr. HOMER. Yes.

Senator HATCH. They now strike because they are not getting 3 cents an hour more?

Mr. HOMER. That is one of the reasons; yes, sir.

Senator HATCH. Now, are there any other reasons?

Mr. HOMER. Well, they want double time.

Senator HATCH. Those are the ones, those two?

Mr. HOMER. That is all that I know of.

Senator HATCH. All right; that is all.

Mr. HOMER. And so far as the pay envelope is concerned, they are not only getting an increase from \$1 to \$1.12 an hour, but they are working more hours. They are getting overtime, so that their total pay envelope at the end of the week is very much greater than it has ever been before.

Senator HATCH. As a matter of fact, they are getting work now by virtue of this program which they did not have before.

Mr. HOMER. That is right, and not only that, but they are getting overtime payments which they never had before.

The CHAIRMAN. That is all, Mr. Homer.

The committee will recess until Monday at 10:30. Mr. Frey, Mr. Dillon, Mr. Smith, Mr. John Green, and Mr. William Green at that time will be asked to appear before the committee. They were to have been here this morning except that airplane transportation could not be obtained to transport them from San Francisco here. I am hoping that they are still working on a settlement, and that they will conclude a settlement between now and the Monday morning meeting. In any case, we will expect them to appear before the committee at 10:30 Monday, whether there is a settlement or whether there isn't.

The committee is recessed.

(Whereupon, at 12:55 p. m., the committee recessed until 10:30 a. m. Monday, May 26, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

MONDAY, MAY 26, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE INVESTIGATING
THE NATIONAL DEFENSE PROGRAM,
Washington, D. C.

The committee met at 10:30 a. m., pursuant to adjournment on Friday, May 23, 1941, in room 318, Senate Office Building, Senator Harry S. Truman presiding.

Present: Senator Harry S. Truman, chairman.

The CHAIRMAN. Our star witness this morning, William Green, was summoned to the White House at a quarter of 11 and is not able to get here. So we are going to postpone this hearing until 10:30 tomorrow morning due to that fact.

(Whereupon, at 10:31 a. m., the committee recessed until 10:30 a. m., Tuesday, May 27, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

TUESDAY, MAY 27, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE INVESTIGATING
THE NATIONAL-DEFENSE PROGRAM,
Washington, D. C.

The committee met at 10:35 a. m., pursuant to adjournment on Monday, May 26, 1941, in room 318, Senate Office Building, Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman, chairman, Joseph H. Ball, Ralph O. Brewster, Tom Connally, James M. Mead, and Mon C. Wallgren.

Present also: Senators James Davis, Pennsylvania; Wallace White, Maine; and Hugh A. Fulton, chief counsel; Charles P. Clark, associate chief counsel.

The CHAIRMAN. The committee will come to order.

Mr. Green, will you be sworn, please. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GREEN. I do.

TESTIMONY OF WILLIAM GREEN, PRESIDENT, AMERICAN FEDERATION OF LABOR

The CHAIRMAN. Just have that seat, sir. You are president of the American Federation of Labor, are you not?

Mr. GREEN. Yes, sir.

The CHAIRMAN. Your name is William Green?

Mr. GREEN. Yes, sir.

ATTITUDE OF AMERICAN FEDERATION OF LABOR TOWARD WEST COAST SHIPBUILDING STRIKE

The CHAIRMAN. We are interested in the shipbuilding strike on the west coast and the attitude of the American Federation of Labor toward that strike. Will you make a statement for the record on that for us, please, sir?

Mr. GREEN. Well, first of all I wish to state that we regret very much that this strike occurred. It is one of those unfortunate and regrettable affairs. Of course, you understand the structure of the American Federation of Labor, I presume, Senator, and that is that the American Federation of Labor is a federation of national and international unions as well as other subordinate organizations, and each national or international union when chartered by the American Federation of

Labor is given jurisdiction over certain classifications of skilled, semi-skilled, and unskilled workers. I think we have at the present time 107 chartered national and international unions. Each of them is a separate autonomous organization, and each of them exercises jurisdiction over the particular classification specified in its charter grant. That means that the International Association of Machinists is given jurisdiction over the machinists, the boilermakers, as we call them, over the boilermakers, the plumbers and steamfitters over the plumbers and steamfitters, and the engineers over the engineers. So that these workers who belong to these different organizations come directly under the administration of the different national or international unions. It occurred to me that I should make that brief statement so that you would understand.

The CHAIRMAN. We are reasonably familiar with the set-up of the American Federation of Labor, Mr. Green, but we are glad to have it in the record over your signature.

Mr. GREEN. We regard this strike of the machinists on the Pacific coast as an unwarranted strike.

The CHAIRMAN. In other words, an outlaw strike.

Mr. GREEN. I classified it as that in an address I delivered at Paterson, N. J.

The CHAIRMAN. Well, what machinery has the American Federation of Labor for dealing with outlaw strikes or unauthorized strikes, whichever you want to call them?

Mr. GREEN. The American Federation of Labor itself possesses no authority to deal with them. Only the international union directly involved can deal with them.

The CHAIRMAN. That is, the Machinists Union is the only one that could deal with this strike as an unauthorized strike?

Mr. GREEN. Yes, sir; the International Association of Machinists.

The CHAIRMAN. Is the American Federation of Labor itself trying to obtain authority to deal with unauthorized strikes?

Mr. GREEN. The American Federation—with unauthorized strikes?

The CHAIRMAN. Yes.

Mr. GREEN. Well, that has been a subject that has been considered by the American Federation of Labor ever since its formation, but it has always been impossible to prevail upon the national and international unions to surrender any of their rights, even to the American Federation of Labor, over the administration of their autonomous affairs.

Perhaps I can best set forth the position of the American Federation of Labor toward this strike on the west coast by quoting two paragraphs from a letter that I sent to the recording secretary of the Machinists Lodge No. 739, at Oakland, Calif. With your permission, I will quote that.

The CHAIRMAN. Proceed.

Mr. GREEN. Mr. L. O. Wilson is his name, recording secretary, and so forth [reading]:

The strike of the machinists in the Bay District of California has inflicted great injury upon the International Association of Machinists and upon the good name of the American Federation of Labor. No temporary advantage which might be gained could offset the injury and harm done the American Federation of Labor through the unjustifiable strike which the machinists in the Bay District inaugurated.

Facts are facts, and it cannot be denied that all metal-trades organizations, including machinists, signed a master agreement which provided for an increase in wages and improved conditions on the Pacific coast. Said agreement also provided that American Federation of Labor unions would be the collective-bargaining agents for shipyard workers on the Pacific coast. All metal-trades organizations pledged themselves to carry out and observe the agreement. All metal-trades organizations except the machinists are doing so. These metal-trades organizations cannot be wrong and the machinists right.

When an agreement is entered into between American Federation of Labor unions and employers, the good name, honor, reputation, and standing of organized labor are at stake. If the agreement is violated, the honor and good name of our organization are injured. When honor is sacrificed there is very little left. We must disavow the action of the machinists in the outlaw strike in which they are engaged. Their action cannot be approved or countenanced by the American Federation of Labor. You and your associates ought to stand up and insist that the honor and good name of both the machinists and the American Federation of Labor shall be protected and preserved.

WILLIAM GREEN, *President.*

There I set forth in those two or three paragraphs the position of the American Federation of Labor. Now, Senator, it is based upon this fact, that a master agreement was negotiated between the Pacific coast shipbuilders and the metal-trades department, American Federation of Labor, the Pacific Coast District Metal Trades Council, the local metal-trades council, and affiliated international unions, on April 23, 1941.

I have in my hand here a copy of that master agreement. Industry was represented by Mr. A. F. Marian, Mr. R. J. Lamont, Mr. H. F. Morton, Mr. Frank Fox, Mr. Alfred Wright, Mr. Austin F. Flegel, Jr., Mr. Joseph A. Moore, Jr., and Mr. Alden Roach. Then later on, Mr. Smith, of Portland, and Mr. Bowman, of Seattle, were added to industry's side of the round table. Those were the employers.

As representing labor were Don Cameron, representing United Brotherhood of Carpenters and Joiners of America; William C. O'Neill, United Association of Journeymen Plumbers and Steamfitters of the United States and Canada; J. Earl Cook, Sheet Metal Workers International Union; and George C. Castleman, general vice president of the International Association of Machinists, and he was elected chairman of the subcommittee. So he was a direct representative of the machinists.

The metal trades council was represented as follows: From Seattle, Mr. Ed Weston; Tacoma, Wallace Morrisette; Portland, Tommy Ray; Bay Cities, Ed Rainbow; Los Angeles, Matt Koch. Then Mr. Harry Hook, of Local No. 68 of the Machinists, of San Francisco, and M. H. Stafford, of the Pacific Coast District Metal Trades Council.

Then follows in logical and consecutive order, section by section, the provisions of this master contract, headed "Union agreement," and at the end of the agreement we find the names of those who participated in the negotiations. Their names are all attached, that is, they pledged their sacred honor and their good name to carry out this agreement, see? That is the point. Among them were the representatives of the Machinists International Union.

Here is one: The Bay Cities Metal Trades Council, by Ed Rainbow. Perhaps I could read those over for the record.

Senator WALLGREN. All of these unions are affiliated with the A. F. of L. Is that right?

Mr. GREEN. Yes, sir.

Senator WALLGREN. Are any other unions involved?

Mr. GREEN. In this agreement?

Senator WALLGREN. In this strike.

Mr. GREEN. Not in this agreement.

Senator WALLGREN. In the strike.

Mr. GREEN. I understand the C. I. O. union of machinists is involved with the American Federation of Labor union of machinists.

Representing the metal trades department of the American Federation of Labor and its affiliates were John P. Frey, general president; then the Pacific Coast District Metal Trades Council, by Anthony Ballerini, president, M. H. Stafford, secretary; then the Seattle Metal Trades Council, Ed Weston; the Tacoma Metal Trades Council, by Wallace Morrisette; Portland Metal Trades Council, Tommy Ray; Bay Cities, Ed Rainbow; Los Angeles Metal Trades Council, Matt Koch.

Then follows International Brotherhood of Blacksmiths, Drop Forgers and Helpers, by F. H. Weibel. These are international union representatives that I am reporting upon now. International Brotherhood of Boilermakers, Iron Shipbuilders and Helpers of America, O. W. Mursener, international vice president; International Brotherhood of Electrical Workers, by A. H. Feely; International Union of Operating Engineers, by O. W. Carter; International Hod Carriers', Building and Common Laborers' Union of America, by Joseph Marshall.

Then the International Association of Machinists, by George C. Castleman. He represented the international union, and his name is attached to this contract.

Senator CONNALLY. Let me ask you right there, is there any contention that as the representative he had no authority to bind the International Association of Machinists?

Mr. GREEN. No contention. That is all admitted, that he is a representative of the machinists.

Senator CONNALLY. Isn't it up to the International Association of Machinists in order to redeem their pledged word to discipline or to do something to the local that has repudiated this agreement? You say the American Federation can't do that, because it acts through the international.

Mr. GREEN. That is right.

Senator CONNALLY. Your organization is a confederated organization. But on the other hand, certainly the international association has some power and jurisdiction over the local, hasn't it?

Mr. GREEN. That is the general understanding, Senator, that the authority to require a contract signed by their representative be carried out is lodged with the International Association of Machinists.

Senator CONNALLY. So the responsibility is on the International Association of Machinists really to take some action to see that its subordinate obeys its agreement.

Mr. GREEN. Of course, their representatives can answer for that, but as I was informed, I have been informed that for some reason or other, the officials of the International Association of Machinists has taken the opposite position and has endorsed the strike. Of course, how that can be done consistently is beyond my understanding. I can't quite understand that.

Then the Metal Polishers, Buffers, Platers, and Helpers International Union, by M. H. Stafford; the International Molders and Foundry Workers, John P. Frey; Pattern Makers, M. A. Koch; United Association of Journeymen Plumbers and Steamfitters, United States and Canada, William C. O'Neill; Sheet Metal Workers International Association, by C. C. Clise; United Brotherhood of Carpenters and Joiners of America, Don Cameron; and the Brotherhood of Painters, Decorators, and Paperhangers of America, by Victor Rudin.

The significant feature of all this is that all of these unions whose representatives signed this agreement are firmly determined to carry out the agreement and are insisting upon exercising the right to carry out the agreement to redeem their pledged word, and as a result of it are going to work in these shipyards under most difficult conditions.

The question is, Are they all wrong and one organization alone right insofar as this master agreement is concerned?

The CHAIRMAN. Now, Mr. Green, just what steps is the American Federation of Labor going to take to bring about the carrying out of this agreement?

Mr. GREEN. The American Federation of Labor will appeal to all these organizations to carry out their contract, will continue to appeal to them, even to the machinists.

The CHAIRMAN. Well, can you do anything else besides appeal? Can't you expel these fellows or repudiate them in some way so that the good reputation of the American Federation of Labor is not at stake?

Mr. GREEN. Senator, those are extreme steps and represent extreme action. It is a question—

The CHAIRMAN (interposing). It seems to me that this is an extreme situation, Mr. Green.

Mr. GREEN. It is.

The CHAIRMAN. And requires extreme action.

Mr. GREEN. I agree.

The CHAIRMAN. The welfare of the country is at stake here; it is not just the welfare of the American Federation of Labor—it is the United States of America that is at stake.

Mr. GREEN. I understand that we have got to deal with the situations in a realistic way. Now, the question is how to get these men back to work. I am of the opinion that persuasion will do more than anything else with them.

The CHAIRMAN. Well, we have been persuading them to my certain knowledge for at least 2 weeks.

Mr. GREEN. I know, but we have learned in life, Senator, that we have got to be patient, sometimes even with bad boys and bad girls.

The CHAIRMAN. I agree with that, but this is a time when patience is not much of a virtue.

Mr. GREEN. A little time probably will accomplish our purpose, so I say I think that that would be the best course to pursue because these men—after all, if we can get the facts over to them and develop a sense of honor and obligation, appeal to the best that is within them, "No matter how you feel, how disappointed you may be over some little incident, the facts are that now is the time when you must measure up to the occasion and carry out a contract that your representatives made for you."

The CHAIRMAN. Isn't it a fact that this situation has been brought about by one or two radical leaders that are just trying to make a reputation for themselves and don't care much for the welfare of the country or anybody else?

Mr. GREEN. I have received conflicting information on that. These men—

The CHAIRMAN (interposing). The mayor of San Francisco said that the fellow who had inaugurated this strike never kept an agreement in his life. He is here this morning, and I am going to let him speak for himself when the time comes. What is your opinion on that?

Mr. GREEN. I don't know these men. I can't speak out of a knowledge or out of an acquaintanceship of these men. Consequently, I wouldn't condemn men that I don't know. But I know the general run of machinists, though, Senator, and the general run of the members of this organization are splendid people.

The CHAIRMAN. They are honorable men and we—

Mr. GREEN (interposing). Men who can give most valuable service to the Nation.

Senator CONNALLY. But, Mr. Green, how do you reconcile that statement of yours, which I accept, with the fact that you state that even the International Association of Machinists, whose representatives signed this agreement, have condoned this strike and approved it after they made their pledged word? I can understand how some local will say, "To hell with the national officers," and go on a strike, but how can the national officers of a great organization like the machinists, which is affiliated with your organization, in the face of the written pledge of their representatives, take a back track and go back and approve this strike? That is what gets me. How can they expect Congress or anybody else to do things when they come up here and say, "We represent the machinists and we favor this bill or we favor this policy," and Congress goes along with them? How can they expect us to give them any confidence when they come up here with a written statement like that and the International Association of Machinists repudiates that written pledged word and approves an outlaw strike?

Mr. GREEN. I can't answer you, Senator. They can answer for themselves. They assigned what seems to be very convincing reasons. I can't at the moment give them to you. They can. But it is difficult for me to understand how they can do it when you read this section in the agreement, section 17, headed "Strikes and lock-outs barred."

It reads:

There shall be no lock-outs on the part of the employer, nor suspension of work on the part of the employees. This agreement is a guaranty—

Listen to this—

that there will be neither strikes nor lock-outs and that all disputes will be settled by arbitration as hereinafter provided.

If there was a dispute on the part of one group, it appears to me that under that section there is a provision by which and through which it could be taken up and settled by arbitration.

The CHAIRMAN. Certainly.

Mr. GREEN. So I just can't understand it, I will admit.

The CHAIRMAN. Mr. Green, don't you think the American Federation of Labor, through its executive committee, ought to take some concrete action in this situation?

Mr. GREEN. What do you think they could take, Senator?

The CHAIRMAN. They could at least disavow the thing and probably arrange so that their powers in the future would be such that such a thing couldn't happen.

Mr. GREEN. Senator, I am disavowing it in the name and on behalf of the American Federation of Labor, and we have made a splendid record.

The CHAIRMAN. I agree with that, but then I think something other than words ought to be done in this case, Mr. Green. I think you have to take concrete action in some way or other on this, because the country doesn't like this situation, the committee doesn't like the situation, and every member of this committee is a friend of labor.

Mr. GREEN. I have repeatedly warned our people about the temper in Congress and the rising feeling in Congress and the development of a hostile public opinion toward labor because of these periodical, spasmodic, indefensible local strikes, and I have warned them that there is a grave possibility that Congress will pass drastic antilabor, antiunion legislation and they will be responsible. I have constantly warned them on that, and am warning them, and doing my best.

The CHAIRMAN. I think you are, Mr. Green. I think you are doing your best.

Senator CONNALLY. I realize the difficulty that you labor under, Mr. Green. I want to say that I have a very high respect and regard for you as a labor leader. I think you are patriotic and broad-minded and tolerant.

Mr. GREEN. Well, you have seen some bad boys in families in your community, haven't you, and you felt like spanking them?

Senator CONNALLY. That is right. If I could get to them, I would spank them, too.

Mr. GREEN. There you are—bad boys.

Senator CONNALLY. Let me say this: I realize you are on the spot in a difficult position. Of course, you labor under the fear, no doubt, that if the American Federation is too rough with these machinists, they might go over and join the C. I. O. You need not answer that; I am just thinking out loud.

Mr. GREEN. That wouldn't make any difference to me if they want to go there because we want them to observe a contract; there is nothing else for them to do but go. That is all.

Senator CONNALLY. Of course, under your governmental set-up, I don't see anything that the American Federation of Labor could do in this case except to call on the International Machinists, "Here, you are a part of our organization, and what do you mean by violating this contract agreement?" Then the international could in turn, of course, call on their local. I realize the trouble that you labor under. I am not unaware of the difficult position you are in. I want merely to say that I think your conduct has been very admirable, and on the whole I think you have made a splendid representative of labor. but unions like this one that violate their agreements and go out on outlaw strikes not only discredit themselves, but they discredit even

your leadership and the leadership of men that are trying to advance the cause of labor, and it doesn't help them any with the Congress that passed all sorts of labor legislation in recent years, as you know. I want to say that these outlaw people are apt to stay outlawed if they don't watch their step.

Mr. GREEN. I appreciate what you say, Senator.

Senator BALL. Mr. Green, I understand the union local had a vote since the strike began and it voted not to go back. I think that was in response to a plea of the Governor of California. I was wondering whether you had any personal representative or whether the executive committee had any personal representative at that meeting to plead with those members of the local to abide by their contract?

Mr. GREEN. No; we didn't have any representative at that meeting. I understand, like you, that the Governor of California appealed to the local organization of machinists to carry out their contract, to return to work, and to take up their grievances in the ordinary and customary way as provided for in the agreement.

Senator BALL. I was wondering if it would be possible for the executive committee of the American Federation of Labor to call or have called a meeting of that local and have its representatives there and give the members directly the viewpoint and attitude of the American Federation of Labor on this situation and plead with them directly to go back to work and submit this dispute to arbitration.

Mr. GREEN. I know——

Senator BALL. Would that be helpful, do you think?

Mr. GREEN. I know it is a matter of procedure. We are ready, willing, and anxious to do all that lies within our power to end this distressing and intolerable situation. Just how to do it, of course, is another question. There are some tremendously bad influences around San Francisco and on that coast, and I attribute this action to those bad influences—very bad ones, sir.

Senator BALL. That would be within the authority of the federation, however, wouldn't it, to step into a local situation and go directly to the members. After all, they are members of the A. F. of L.

Mr. GREEN. It would be perfectly proper for the American Federation of Labor to use such power and influence as it may possess to prevail upon these people to observe their contract, discharge their obligations under the terms of the contract, and to use such moral influence as it may possess, and I know we will be glad to do that.

Senator BALL. What struck me in this thing is that the members of this local rely on their own leaders, but the leaders of their local and the president of their international have both O. K.'d the strike, they approve of it, but they also recognize as their leaders the leaders of the American Federation of Labor, and it seems to me if those leaders went in there and gave them their side of the picture and pleaded with them to go back to work, that they probably would have more confidence in their word and their advice than any other individuals or group that could come before them with that plea.

Senator CONNALLY. May I interject right there and suggest that Mr. Frey of your organization, one of your vice presidents, has been on the ground and led the laborers back through the picket lines, has he not? I think he showed a great deal of courage and a great deal of leadership—Mr. Frey, the head of the Metal Trades Union

and vice president of the American Federation of Labor. Isn't that true, Mr. Green?

Mr. GREEN. Yes; I was going to report on that, Senator, but I assumed that you were familiar with it. Mr. Frey is the president of the Metal Trades Department of the American Federation of Labor, and as vice president of the American Federation of Labor he represents all these metal-trades unions; in fact, he sat through the negotiations weeks and weeks and finally worked out this agreement. It was a difficult task. And then when the agreement was signed he felt that he was under obligation to see that the agreement was carried out, and I relied very largely upon the information that he supplied me that the agreement was negotiated in good faith, was signed in good faith, and that a solemn pledge was given that the agreement would be carried out. Because of that, he felt under obligation to stay right there and do everything that lay within his power to have the agreement complied with. He has been there; he is there now, attempting to prevail upon these men to return to work.

Now, as I say, there are 15 or 16 other unions that were parties to this agreement, just the same as the machinists. All of them are carrying out the agreement; they are following Mr. Frey, accepting his recommendation, and the one local organization refuses to do so. Now, I don't know myself just the issue involved in this action taken by the machinists. That is aside from the question. The question is, you are parties to this agreement and you are under obligation to carry it out.

Senator BREWSTER. What is the relation between the Metal Trades Department of the American Federation of Labor and the International Association of Machinists?

Mr. GREEN. The International Association of Machinists?

Senator BREWSTER. What is the relation between the two?

Mr. GREEN. The relationship is this—that the International Association of Machinists is a part of the Metal Trades Department.

Senator BREWSTER. One of the subdivisions?

Mr. GREEN. One of the separate units affiliated with the Metal Trades Department.

Senator BREWSTER. Now what are the provisions of your constitution and bylaws regarding the rights of membership of these various international associations?

Mr. GREEN. There is conferred upon each international union the authority to administer its own affairs, to sign agreements, and work out understandings between employers and employees; but you see, they merged all these metal-trades organizations into one bargaining unit and worked it out with the shipbuilders for all at one time rather than negotiating with each one separately.

Senator BREWSTER. What is the power of your executive council? I am not suggesting now that you exercise any powers that you do possess, but suppose the case became sufficiently flagrant so that you felt it was no longer a question of bad boys but of something that needed a little more stringent action, what would be the limits of your authority as an executive council?

Mr. GREEN. The limit of the authority of the executive council would be to recommend to a convention of the American Federation of Labor, which is the supreme authority, that this organization has sacrificed its good name, it has violated all the rules of the American

Federation of Labor, and for that reason it ought to be suspended from affiliation with the American Federation of Labor. Then the convention, by a two-thirds vote, could vote to suspend it. That would be the procedure.

Senator BREWSTER. How large is your executive council?

Mr. GREEN. Seventeen members.

Senator BREWSTER. Seventeen members, and they are in more or less constant session, or can be?

Mr. GREEN. We meet quarterly. We meet four times a year. We are in session now.

Senator BREWSTER. The federation has historically been reluctant to see too much governmental interference in labor problems. Hasn't that been your historic policy?

Mr. GREEN. That is right.

Senator BREWSTER. You have pursued a distinctly bipartisan policy.

Mr. GREEN. That is right.

Senator BREWSTER. And you have recognized, both you and your predecessors as leaders, that if Government came in, unions were likely to go out.

Mr. GREEN. Yes; that is what usually happens when Government comes in and regiments labor; unions go out.

Senator BREWSTER. And I think you have been very wise and very right in that. Now, there have been three or four suggestions here, as you may have read, by the governmental representatives who have been before us, and I would like to have your comment on them as to what must be done, recognizing our problem is with defense and the crisis that we face.

The first suggestion was by Admiral Land, of the Maritime Commission, who is directly concerned, and his suggestion was to end picketing.

Senator CONNALLY. At that one plant.

Senator BREWSTER. Yes. His suggestion was confined to what he termed "outlaw strikes"; that he would simply stop picketing. He didn't indicate by just what means, but we assumed by legal measures. Do you feel it would be practicable to define what you term "an outlaw strike" so that it could be distinguished from strikes and other action by unions?

Mr. GREEN. Well, it would, in my judgment, be unwise and very inadvisable to carry out the suggestion made by our Admiral Land to cease picketing. That would only add to our difficulties, in my opinion.

Senator BREWSTER. That peaceful picketing has been so thoroughly imbedded in our legal concepts that it would be unfortunate to attempt that.

Mr. GREEN. Like free speech.

Senator BREWSTER. Yes. Now, do you feel it is practical to define legally an outlaw strike and take any action to distinguish that from other kinds of strikes?

Mr. GREEN. You mean legally?

Senator BREWSTER. Yes.

Mr. GREEN. For the legislative body, say, Congress and the States to define that?

Senator BREWSTER. Yes.

Mr. GREEN. I don't think it could be done satisfactorily.

Senator BREWSTER. It would be extremely difficult.

Mr. GREEN. Extremely difficult.

Senator BREWSTER. If not impossible.

Mr. GREEN. You would become involved in very great difficulties.

Senator BREWSTER. Jurisdictional disputes.

Mr. GREEN. Yes.

Senator BREWSTER. Which is one of our greatest problems. Now, the second one was in the event of strikes which are interfering with our defense program, as so many of these have done, that the Government take over the plants.

Mr. GREEN. I should be opposed to that; that is, so long as our national well-being is not at stake.

The CHAIRMAN. I think it is very decidedly at stake. Just what do you propose?

Mr. GREEN. It is not that much at stake, Senator. There is a difference in degrees, you know, and I can't see where we have reached that point, because after all, we are way ahead of schedule in our naval construction and building construction and in the defense program.

Senator BREWSTER. Just a moment—

Mr. GREEN (interposing). Even with our difficulties.

Senator CONNALLY. We may be ahead of schedule but we aren't ahead of Hitler.

Senator BREWSTER. Just a moment. The report of the Office of Production Management shows that we are 25 to 30 percent behind the very modest schedule we established this year as a whole.

Mr. GREEN. For what?

Senator BREWSTER. Over all.

Mr. GREEN. I read a report of the Secretary of the Navy just a short time ago in which he said our naval building was ahead of schedule.

Senator BREWSTER. You are quite correct.

Mr. GREEN. That is right.

Senator BREWSTER. You could even go on and you could say the same thing about our plane schedule; you might or might not be able to say it about our tank schedule. But I think you must realize, Mr. Green, that there are about 2,000,000 items concerned in our defense, and we have asked Mr. Knudsen to furnish us with the over-all picture, the total picture. This is a totalitarian age. That shows that for this year we were hoping to produce \$17,000,000,000 of defense materials, one-fifth of our total income, \$85,000,000,000; that on the performance to date for these 4 months of this calendar year, we can't do better than twelve to thirteen billion, which is 25 to 30 percent behind the very modest schedule we set up. That is what presents the real picture. If you will read Mr. Nelson's address last night, of the Procurement or Purchasing Division; if you will read Mr. Batt's address last week, of the Office of Production Management, I think you will find ample confirmation of the fact that this whole thing is bogging down.

In April, instead of the increase, the acceleration of our production, our production actually declined.

Mr. GREEN. Well, I will go into that.

Senator BREWSTER. To some extent as a result of the very conditions with which we are here dealing. Now with that picture, Mr. Green.

it seems to me that no one can be blind to the fact that America is in a very critical spot.

The CHAIRMAN. Just what do you recommend, Mr. Green, under the circumstances? You say that the Government shouldn't take over, the Government shouldn't pass laws to affect outlaw strikes. What is the remedy?

Mr. GREEN. That, I say, ought to be only as a matter of last resort. I don't think we have reached that stage where such action is necessary, because I think our economic machine is functioning fairly well; and perhaps Great Britain has not found it necessary to do that, and Great Britain is in a war.

Senator BREWSTER. Is Great Britain having any strikes?

Mr. GREEN. Yes.

Senator BREWSTER. How many?

Mr. GREEN. Some; perhaps not any larger percentage than we are having, but they are having some. They have not even yet enacted legislation taking from the British workers the right to strike. But the British workers are measuring up in a wonderful way and are refraining from striking, and that is what we are trying to bring about here.

Senator BREWSTER. We have been having this problem distinctly for the last 3 or 4 months, and we have been constantly reassured that we might rely on the cooperation of everyone concerned. Meanwhile, isn't it fair to say that the forest fire is spreading? I recognize there are 40,000,000 men still at work, but I recognize also that we are certainly having a continual spread of strikes or threats of strikes.

Mr. GREEN. Well, I think the situation, generally speaking, has improved a great deal, Senator, and we must not be swept off our feet because of some local strike in San Francisco. And remember that legislation is not always the remedy that we should apply because back behind it, after all, is the psychological condition that must be kept in mind, and labor will respond pretty generally when they are afforded an opportunity to do so when the facts are laid before them, when you plead with them to do so-and-so. When you say to them, "You must do this," and "You must do that," it creates a bad psychological condition, and sometimes the remedy is worse than the trouble from which we suffer, so I think we want to guard that very carefully and proceed cautiously.

Senator BREWSTER. We have had a number of strikes in the past 2 months, have we not?

Mr. GREEN. Yes.

Senator BREWSTER. Don't we, today, after 2 months of this conciliatory policy, have both more strikes and more threats of strikes involving more serious danger to our defense production than we had 2 months ago?

Mr. GREEN. No; I think it is less now.

Senator BREWSTER. Oh, Mr. Green!

Mr. GREEN. I think that strikes and threats of strikes——

Senator BREWSTER (interposing). I say 2 months ago. Compare February 1 and May 1. Isn't our position infinitely more dangerous than it was then?

Mr. GREEN. No; I don't think it is infinitely more dangerous, Senator.

Senator BREWSTER. Don't you recognize that every time there is a strike or threat of strike which results in a substantial increase in pay that it constitutes an invitation to similar action by all other organized labor parties?

Mr. GREEN. No; I don't think it does. If it did, it would have influenced our membership very greatly, because the facts show that, after all, the membership of the American Federation of Labor has pursued a no-strike policy in a very fine way, even during the times when these strikes have occurred to which you refer.

Senator BREWSTER. How many members have you in the Federation?

Mr. GREEN. The report of our secretary the other day showed that we had 4,700,000 paid-up members, and we have a floating membership of probably five or six hundred thousand.

Senator BREWSTER. So it is somewhere between four and five million?

Mr. GREEN. Between four and five million.

Senator BREWSTER. And there are perhaps three or four million others organized in other unions outside yours?

Mr. GREEN. I don't know how many are outside.

Senator BREWSTER. How many workers do you figure are in the country altogether, inside and outside unions?

Mr. GREEN. About 40,000,000, I judge—45,000,000.

Senator BREWSTER. If this situation becomes what you are prepared to term critical, do you see any alternative other than for the Government to step in and regulate the entire situation? I use the word "regulate" instead of "take over." Is there going to be any other alternative?

Mr. GREEN. We are fighting in America to preserve democracy, freedom, and liberty, and all that goes with that. A part of that is the right to own and manage property, and when the Government goes in and takes over property, it is striking at a very fundamental right—the right to own and manage property. I don't know whether you are prepared to advocate such a policy or not—I am not—

Senator BREWSTER (interposing). I want to distinguish—

Mr. GREEN. Because I believe in private ownership of property. I believe in that as a fundamental principle, and I believe that it can be managed better privately owned and privately managed than it can be Government owned. Of course, I can probably see back of your suggestion, and that is that if the Government controls, then they will regiment labor employed in that industry and that "Now you are working for the Government. There can be no strike here against injustice and wrong." Well, now, suppose they strike, what are you going to do? Make them criminals and put them in jail? So you are only stepping into difficulty when you do that.

Senator BREWSTER. Now Mr. Green—

Mr. GREEN (interposing). Fill the jails!

Senator BREWSTER. It happens, Mr. Green, that I fully concur with all you say, and I am in hearty accord with every word of it. You misinterpreted my question.

Mr. GREEN. Oh, I am sorry.

Senator BREWSTER. I was using the word "regulate" as distinct from the word "operate." There are two proposals. One is that the

Government take over the plants, and that is when you say you will incur all these perils of Government-forced labor.

Mr. GREEN. Absolutely.

Senator BREWSTER. Now the alternative on which I wish to have your comment now is not Government operation, but Government regulation of both working conditions, wages, and prices. That is distinct. It involves perils, but it is another plan.

Mr. GREEN. Isn't that the same thing as regimentation?

Senator BREWSTER. It is going to end up the same way.

The CHAIRMAN. Mr. Green, I think the answer to that, and the way I feel about it, is this: I think the unions have got to regulate themselves. I think they have got to take this matter in hand and meet this situation, no matter what it takes to meet it.

Mr. GREEN. I think you are right on that.

The CHAIRMAN. And it is up to you to do it.

Senator BREWSTER. If the chairman will pardon me, I want to lead to the conclusion of this matter. The basis of private property is that it be used in such a way as not to prejudice the rights of others, is it not? That is the whole basis of the concept.

Mr. GREEN. Yes.

Senator BREWSTER. Now, the basis of collective bargaining is responsible agreement, is it not? I mean you can't have collective bargaining unless both sides are going to be bound, can you?

Mr. GREEN. That is right.

Senator BREWSTER. In other words, right at the fundamentals of the whole concept of the American Federation of Labor in keeping clear of Government has been responsible contracts. Is that correct?

Mr. GREEN. Yes, sir; religiously observed.

Senator BREWSTER. That is right, so that unless you are able, with your great organization, to carry out that concept of responsible agreement, religiously observed as you say, is there going to be any other alternative but governmental action, much as we all wish to avoid it?

Mr. GREEN. You have painted a rather difficult picture there, because we are not going to reach that stage, in my judgment. But let me tell you, whenever we are suffering from some social or economic ill, don't you ever believe that you can remedy it by passing a law. That won't do it. There are other remedies that must be applied in a free, democratic Nation, and we have got to seek those remedies and find them. Whenever you step in and set aside that very vital principle of private ownership, and private management, and private enterprise for governmental control, and governmental management, and Government-owned industries, you are taking the first steps away from a democracy.

Senator BREWSTER. I think, Mr. Green, you are perfectly right in the proposition that labor is threatening to forge the shackles of Government regulation by which everyone will be bound unless you can control your groups. Don't you think that is the danger?

Mr. GREEN. That is our problem.

Senator BREWSTER. Yes.

Mr. GREEN. And I agree with you on that. I won't shirk that. It is a part of our problem to put our own house in order, just as every family is supposed to put its own house in order and be law-

abiding citizens. That is our problem. I say we have good boys and we have bad boys, but we must deal with bad boys just as a father and mother deal with their bad boys in their family. They are not going to kill them because they are bad.

Senator BREWSTER. Now, the one thing I would say to you individually, Mr. Green, not as this committee but as one member of this committee, is that, in my judgment, the American people as a whole, from Maine to California, are becoming profoundly stirred about this situation.

Mr. GREEN. I am conscious of that.

Senator BREWSTER. And we get a terrific pressure.

Mr. GREEN. The pressure on you is terrific, I agree, and that is what disturbs me in this.

Senator BREWSTER. Unless you can bring that sense of responsibility home very promptly, in my judgment the clock is running very fast.

Mr. GREEN. I agree with you there. We are in agreement on that. I am thoroughly conscious of it, and I am trying to get that home to our people, that if you win a temporary advantage, you lose more.

Senator BREWSTER. That is right.

Mr. GREEN. If you gain a cent an hour, what are you doing? You are inflicting a great injury upon the mass of the people, and it comes home to you. Then there have come times, you know, when you need to exercise self-discipline and subordinate feeling for the common good, and that is what our people should do in cases like this—see the larger picture, the common good for all, rather than some little selfish gain.

I am glad to have that discussion with you, Senator.

The CHAIRMAN. Are there any other questions, Senator? That is all, Mr. Green. Thank you very much.

The CHAIRMAN. Mr. John Green, of the Shipbuilding Workers' Union.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mr. GREEN. I do.

TESTIMONY OF JOHN GREEN, PRESIDENT, INDUSTRIAL UNION OF MARINE AND SHIPBUILDING WORKERS OF AMERICA

The CHAIRMAN. Mr. Green, you will state your full name and connections for the reporter, please.

Mr. GREEN. John Green, president of the Industrial Union of Marine and Shipbuilding Workers of America.

The CHAIRMAN. Tell us what that union is.

Mr. GREEN. C. I. O.

The CHAIRMAN. A C. I. O. union of shipbuilding workers?

Mr. GREEN. Yes, sir.

The CHAIRMAN. What kind of work do they do? What sort of work do these men in your union do?

Mr. GREEN. We take in everything within the plant except draftsmen and office employees.

The CHAIRMAN. Where is your union situated, the one which you are talking about?

Mr. GREEN. Our headquarters are at Camden, N. J.

The CHAIRMAN. What is your opinion of the present strike in the San Francisco machinists' union as it affects your workers, and what do you think about it?

Mr. GREEN. Mr. Chairman, I was at loss to understand why I have been called here this morning, because our organization is not involved in the strike in the San Francisco area.

The CHAIRMAN. I understood that you had some machinists in your San Francisco union that were affected by this situation.

Mr. GREEN. I understand since this deplorable trouble has started in San Francisco that there is another C. I. O. union, affiliated with the Steel Workers Organizing Committee and not affiliated with the Industrial Marine and Shipbuilding Workers' Union of America, which is involved.

From previous information that I have received during our discussions in the stabilization committee, I understood from the representatives of the American Federation of Labor that they had closed-shop contracts with all employers, both new and repair, in the Bay area, with the exception of Bethlehem Steel. Furthermore, our organization is based upon organizing industry into an industrial union. Now, insofar as the zone standards that were agreed upon with the negotiating committee, which was composed of the American Federation of Labor, and in which we were kept on the outside, with an observer without a voice and vote, and cooling his heels, we reserved the right to go along with that or not. But when we were notified by O. P. M., Navy Department, and the Maritime Commission as to the outcome of these negotiations, our organization took it upon itself to recommend to our group in the Los Angeles or San Pedro area that they accept these zone standards.

The CHAIRMAN. Then you do consider this an outlaw strike?

Mr. GREEN. I certainly do.

The CHAIRMAN. Any questions, gentlemen? That is all, Mr. Green.

Will you ask Mr. William Green to come back? Senator Connally wanted to ask him one question.

TESTIMONY OF WILLIAM GREEN, PRESIDENT, AMERICAN FEDERATION OF LABOR—Resumed

The CHAIRMAN. Mr. Green, Senator Connally wanted to ask you one question before you leave.

Senator CONNALLY. I beg your pardon for not asking this a moment ago.

Mr. GREEN. It is all right, Senator.

Senator CONNALLY. In connection with your conversation and examination by Senator Brewster, I want to ask you this: You are familiar, are you not, with the method that was pursued during the World War, about the set-ups under the World War in handling labor in defense plants? It seems to me, just from memory, that in that set-up it provided for a Government wage board¹ which sought to standardize pay and working conditions in the various plants, so that there wouldn't be competition between different areas, in which the Government itself, through this board, passed on wages in different trades and different areas; and then it had a mediation board, somewhat similar, I suppose, to the present Mediation Board,

¹ National War Labor Board, created by proclamation of President Woodrow Wilson, April 8, 1918, Stat. vol. 40, pt. 2, p. 1766.

and in that way handled labor quarrels—and it also provided that there should be no strikes and no lock-outs. What would you think of a similar set-up at this time?

Mr. GREEN. Well, we rather favored a set-up similar to the set-up to which you referred and which prevailed during the World War, and it was because of that fact that we recommended—the American Federation of Labor recommended—some 6 months ago that the President create a mediation board, and happily he did, and that board has done wonderful work.

Senator CONNALLY. That is only one angle. There are three branches to the plan.

Mr. GREEN. On the wage board to which you refer, I recall Mr. Gompers, I think, was a member of that wage board.

Senator CONNALLY. It was called the Walsh-somebody board. Who was the other member of it? Frankfurter was on it.

Mr. GREEN. Mr. Taft—former President Taft—and Frank Walsh were chairman and co-chairman.

Senator CONNALLY. That is right, the Taft-Walsh wage board, and Mr. Justice Frankfurter, who was then, of course, a private citizen, was counsel for it, or had something to do for it. It worked pretty well.

Mr. GREEN. Yes. That board sought to stabilize the wage schedules just as the representatives of the metal trades department and the ship owners on the Pacific coast sought to stabilize.

The CHAIRMAN. In this master agreement; you favor these master agreements, don't you?

Mr. GREEN. Yes; and they are working one out. They have been working one out on the Gulf coast, and there is a similarity, a great similarity, between the objectives set forth in this and the objective that you refer to through the Labor Board.

Senator CONNALLY. If they had a national wage board, though, it could still arrange these regional agreements where conditions were not the same, the master agreements, and work out a plan whereby the wages would be known. If a man wanted to work, all right; if he didn't want to work, he could quit and go his way. But tied in with those two, with that mediation board and with the wage board, was a further understanding that there would be no strikes and no lock-outs. Now, what you said awhile ago to Senator Brewster about the regimentation of labor generally, of course, applies to all of industry, but now when it comes to national-defense materials, the Government has a direct and an imperative interest in defense production.

Mr. GREEN. Yes.

Senator CONNALLY. It is no longer simply a question of the employer and the employee fighting their row out and settling it, but the Government has a direct interest in that proposition of producing materials.

Now, if the employer and the employee don't produce, is there anything left for the Government, either to set up some plan like I am calling your attention to, or to step in there and take charge of the plant and run it? One hundred and thirty million people and their safety can't sit down and hold their hands and let 1,700 people out on the Pacific coast neutralize and nullify the desires and the wishes of 130,000,000 people. Don't you agree to that?

Mr. GREEN. Senator, I always agree very largely with you, but in that particular proposal of Government stepping in and taking over and operating industry, I can't see that as you see it.

Senator CONNALLY. It would be only temporary. I don't mean to take them over permanently.

Mr. GREEN. Even temporarily.

Senator CONNALLY. Wouldn't this other plan probably obviate this?

Mr. GREEN. Let me tell you that even under the set-up you refer to in the World War, employers and employees engaged in collective bargaining just as we are now. There wasn't anything that stood in the way. That wage board was what you called a stabilizing board and a stabilizing influence, and I think that all sorts of Government agencies could be set up for the purpose of trying to preserve industrial peace, because it is a big problem in a democracy such as ours to preserve industrial peace.

Senator CONNALLY. That is all.

Senator MEAD. Mr. Green, before you go, there seems to be confusion in the public mind with reference to the character and the set-up of the American Federation of Labor, and I just want to—

The CHAIRMAN (interposing). Mr. Green explained that thoroughly and completely.

Mr. GREEN. I went over that, Senator, I think before you came in.

The CHAIRMAN. If you want him to do it again, it is perfectly all right.

Senator MEAD. No; but what I want to bring out is this, Mr. Green, your set-up probably could be compared to the Federal Government, with the A. F. L. representing a position similar to the Federal Government in its relation to the States, which would be the various departments, such as the metal trades department; you in turn would have subdivisions similar to the counties, which would probably represent your central labor councils in the various jurisdictions, and then beyond that would be the independent unions, the local unions. The point I want to make is this: I realize the American Federation of Labor adopts policies and considers programs, and for which they are in session now. Are they taking up this particular strike question at their sessions now, and are they taking up the matter of eliminating the possibility of strikes by the adoption of an improved arbitration policy? Is the strike question receiving the attention of the directors at their current meeting?

Mr. GREEN. We haven't reached that on the calendar, but it will be considered, Senator, before the council adjourns. That is a matter that the council will give special consideration to, because it becomes my duty to report to the council the difficulties we are encountering in different sections of the country and to try and find out a remedy.

I am sure you must recall that the building trades department of the American Federation of Labor, representing the skilled mechanics who do the building and construction work throughout the Nation, of more than, I suppose, a couple of million men, through its representatives adopted a no-strike policy for the building trades mechanics. Now, that means that if a local strike occurs in the building trades, it is a violation of the no-strike policy, don't you see? They adopted that; they approved it, and they are carrying it out probably 98 percent.

The metal trades department, of which this union is a member, representing a million and a half, did the same thing. At a regular meeting of the representatives of that metal trades department, a no-strike declaration and a no-strike pledge was made, that there be no strikes among metal trades workers in defense industries, that wage scales would be negotiated through collective bargaining and differences would be settled through mediation and arbitration, but a no-strike policy, so that you can see by these steps that we have already taken steps to prevent strikes.

Senator MEAD. And it is generally true that where you haven't an effective no-strike agreement, you have agreed to set aside a certain period of time for mediation or arbitration before strikes are called.

Mr. GREEN. Oh, yes; in every agreement, and I read to the committee that section 17 in that master agreement, which provides that—there is a clause in there, a no-strike clause, in the master agreement entered into between the metal trades organizations and the employers on the Pacific coast. That is carrying out, see, into the agreement, the declaration made by the parent organization, the metal trades department.

Senator MEAD. And therefore, Mr. Green, it is true that the executive board of the American Federation of Labor, now in session, will give this matter very serious consideration and probably take some action on it?

Mr. GREEN. Oh, yes; I shall bring it to the attention of the board.

Senator MEAD. And in connection with this individual strike on the Pacific coast, the head of the machinists' union and also the head of the metal trades union are doing everything they possibly can to bring it to a very hasty conclusion?

Mr. GREEN. Mr. Frey, of the metal trades department, is on the ground, as I stated awhile ago, and he is measuring up in a wonderful way, standing up like a man possessed of indomitable courage in dealing with that situation, and we are proud of him because he is.

Senator CONNALLY. I agree with all you say about Mr. Frey, but in order that the Senator may not be misled and the record may be correct, he said the head of the machinists' union. Mr. Green says the head of the machinists' union has approved this strike.

Senator MEAD. Is that right? Do I understand the international head of the machinists' union has approved this strike?

Mr. GREEN. That is what I was informed, that they had endorsed the strike. He is here. Mr. Brown, the president, is here, and as I understand it, he is coming before this committee, and he can tell you so.

Senator MEAD. I thought it was the president of the local union only that has approved that strike.

Mr. GREEN. No; as I understand it, the officers of the national union have approved the strike.

Senator MEAD. I see. I misunderstood that.

Senator WALLGREN. Mr. Green, it is Local No. 68, Machinists' Union, in San Francisco, affiliated with your organization, that is really causing most of your trouble?

Mr. GREEN. I think that is the number, although I may be wrong on that.

Senator WALLGREN. Have you ever had any trouble in the past with that particular union?

Mr. GREEN. Not that I know of, but there is another one across the bay, in Oakland, that created trouble.

Senator WALLGREN. Are they affiliated with your organization?

Mr. GREEN. No; they were, and they become rebels. The International Association of Machinists put them out and, as I understand it, now they are a part of that dual, rival, rebel C. I. O. movement, and they have joined now in a common interest.

Senator WALLGREN. Are those the bad boys that you speak of?

Mr. GREEN. I don't put them quite in the bad-boy class. I put our boys in the bad-boy class.

Senator WALLGREN. What I am getting at is, did they acquire that reputation of bad boys recently, or have they been causing trouble before?

Mr. GREEN. I said awhile ago, Senator, that there was an evil influence at work out on the Pacific coast, and it is unfortunate. It is pretty deep, too, and it is insidious, but it works out there.

Senator WALLGREN. And it is in the American Federation of Labor as well as in the C. I. O.?

Mr. GREEN. Is what?

Senator WALLGREN. And it is in the American Federation of Labor as well as in the C. I. O.?

Mr. GREEN. It works among the susceptible ones.

Senator WALLGREN. I see.

Senator BREWSTER. Mr. Green, I understand, then, that you would not oppose the creation of a wage board, a mediation board, along the lines of those that prevailed during the last war.

Mr. GREEN. I didn't say that, Senator. I said that that wage board did not interfere, as I understand, with collective bargaining, even during the World War, that it was of a stabilizing character, and I might say that we were not altogether in accord with the character of the set-up, but we were heartily in favor of the mediation board that was set up.

Senator BREWSTER. Could I put it this way, that if any action should be taken, should be found necessary by the Congress, you would prefer to see it along those lines? Would that be a fair statement?

Mr. GREEN. Well, I would rather go into that a little more thoroughly before I commit myself, Senator.

Senator BREWSTER. Well, then, will you answer this. The federation has historically stood for the principles of mediation and arbitration.

Mr. GREEN. Oh, yes; we are committed to that.

Senator BREWSTER. And you have never refused at any time to submit any controversy to arbitration.

Mr. GREEN. Locally they have, because they felt—it is a matter of choice. Sometimes you feel that there is some vital principle at stake that you can't arbitrate, and you want to reserve for yourself the right. It is just like an employer—he feels the same way, that "This I can't submit to arbitration," don't you see?

The CHAIRMAN. Mr. Green, we appreciate very much your appearing here this morning, and we will probably want to ask your further advice on this subject at a later date.

Mr. GREEN. All right, thank you. I will be available. Good-bye.

The CHAIRMAN. H. W. Brown, president of the International Machinists' Union.

The CHAIRMAN. Do you solemnly swear the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, before this committee?

Mr. BROWN. I do.

TESTIMONY OF H. W. BROWN, PRESIDENT, INTERNATIONAL ASSOCIATION OF MACHINISTS

The CHAIRMAN. Mr. Brown, you are president of the International Machinists' Union, are you not?

Mr. BROWN. That is correct.

The CHAIRMAN. You are the president of the machinists to which reference has been made this morning as approving this San Francisco strike?

Mr. BROWN. That is insofar as the strike is on the San Francisco side of the bay only.

The CHAIRMAN. The Oakland side is C. I. O., is it not?

Mr. BROWN. So I understand.

The CHAIRMAN. All right, Mr. Brown; you have heard the statements made here to this committee this morning. If you have anything of an extenuating nature that you desire to state to the committee, we will be glad to hear from you.

Mr. BROWN. Yes; Senator and honorable members of the committee, I would like to make a statement. There has been so much knocking on one side of the fence I think it is about time we peeped over and looked over on the other side.

The CHAIRMAN. That is the reason you are here, Mr. Brown. We want to hear your side.

Mr. BROWN. First of all I want to resent statements made heretofore and during these hearings with reference to the unpatriotic actions and conduct of the members of the International Association of Machinists. I also resent the statements made that our membership are involved in an outlaw strike. That is not a fact. I will venture this further statement that there is not a union in the American Federation of Labor that has a cleaner record in the matter of strikes, and living up to agreements, than the International Association of Machinists. We have contracts with over 5,000, close to 6,000, employers in the United States and Canada, and we have never violated one contract. There is no contract violated in the San Francisco strike, notwithstanding what has been said to the contrary. I will come to that later on, Senator.

The CHAIRMAN. That will take a lot of explaining, Mr. Brown.

Mr. BROWN. I am prepared to make that explanation.

The CHAIRMAN. As far as this committee is concerned, because the evidence is entirely the other way.

POSITION OF INTERNATIONAL ASSOCIATION OF MACHINISTS REGARDING WEST COAST SHIPBUILDING STRIKE

Mr. BROWN. The so-called master agreement referred to has never but put into effect in the strikes on the San Francisco side of the bay where our membership are involved. We urged and pleaded with the

employers to sign that agreement, but they refused. The Bethlehem Shipbuilding Co. have repeatedly refused. Only recently the metal trades council of San Francisco, representing all the trades whose members work for the Bethlehem Steel, were in conference with the Bethlehem Steel, and the Bethlehem Steel said, "No; we will not sign the master agreement."

The CHAIRMAN. They told this committee just the other day that they would sign it.

Mr. BROWN. I can't help what they will say. They told us repeatedly they will not sign it. I am speaking of what has happened. I am not in a position to judge what may happen today or tomorrow.

Furthermore, during the conferences for consummating the so-called master agreement, the management of the Bethlehem Shipbuilding Corporation refused to participate in the conferences, but they did participate behind closed doors. Our representatives from San Francisco are here and prepared to testify that while management would not participate to try to work out a master agreement covering the building of new ships on the Pacific coast, yet between those sessions the management of Bethlehem Ship did meet with the representatives of the other shipbuilding companies and, therefore, had a hand in the plan. But after the agreement was consummated they then and still refuse to sign the master agreement, and I for the life of me can't understand how anyone can accuse the International Association of Machinists of violating an agreement that never was applied, and where the individual employers said they would not adopt it. I am now referring to the Bethlehem Steel.

With reference to four small ship-repair plants on the San Francisco side of the bay, our information is that they are willing to sign the master agreement covering the repairing of ships. These are repair yards. But with certain reservations. They will sign those agreements providing they are privileged or permitted to sign the master agreement covering the building of new ships, and on the San Francisco side of the bay they do not build new ships. A part of their employees, other than those who are working on repairing of ships, are building machinery and are in competition with 160 shops in San Francisco; 160 shops are paying \$1.15 an hour and paying double time for overtime. They have paid the double time for years, and our people in San Francisco are merely asking that those four repair shipyards, for the employers who are not repairing ships, but are building machinery in competition with the 160 shops, to get the same standards as prevail in the 160 shops.

Now then, it is a fact that our executive council sanctioned the strike. That is, they gave sanction to privilege our membership to resort to a strike. That sanction was as follows. We gave sanction—

The CHAIRMAN. You were a party to this master agreement, weren't you?

Mr. BROWN. Yes; and we are still a party to that master agreement, and the grand lodge is going to carry out that master agreement.

Senator WALLGREN. You mean as far as it affects the Oakland side of the bay?

Mr. BROWN. The Frisco side of the bay, but how can you carry out an agreement when the employer says "We will not apply the agree-

ment; we will not sign the agreement"? I can't understand the reasoning of of the people who will say that our membership are violating an agreement when the employer says "We will have nothing to do with it." I say it is poppycock, that kind of reasoning.

The CHAIRMAN. I don't believe such men as Mr. Frey and Mr. Green feel it is poppycock, and I am going merely on what they have put in the record of this committee. I want you to explain to me how you reach your conclusion.

Mr. BROWN. Senator, might I inquire how can you violate an agreement when the agreement is not in effect with the employer?

The CHAIRMAN. We are asking you to testify.

Mr. BROWN. Very well, then I will continue to testify, Senator. I told this committee we have never violated an agreement. We are not violating agreements on the San Francisco side of the bay. We are asking the employers to sign the agreement. The employers say no.

I want to say to the committee that notwithstanding what the honorable President of the American Federation of Labor said, for whom I have a high regard, no agreement is effective unless it is signed by the two parties, both the employer and the unions, and until that agreement is signed by both parties, it is not an agreement.

When the executive council of our association gave strike sanction, they gave this type of sanction, that where an employer who is building new ships refuses to sign the master agreement covering the building of new ships, we give strike sanction.

The CHAIRMAN. If the Bethlehem Steel Co. have agreed to sign this master agreement without changing the dotting of an "i" or the crossing of a "t", will your organization do the same thing?

Mr. BROWN. If the Bethlehem Steel Co. agree to sign.

The CHAIRMAN. I want the answer to that. If the Bethlehem Steel Co. have agreed to sign this master agreement without dotting an "i" or crossing a "t"—

Mr. BROWN. We will then withdraw our strike sanction so far as the Bethlehem is concerned. If our people refuse to go back to work, then we will have a problem that must be dealt with by the executive council.

The CHAIRMAN. You will sign the agreement with the Bethlehem Steel?

Mr. BROWN. It is an agreement not to be signed by the International Union. It is an agreement to be signed by the metal trades council, representing all the trades, and that metal trades council has been trying to get the Bethlehem to sign that agreement, and my information is that they refused to sign.

The CHAIRMAN. The Bethlehem told us that they would sign the zone agreement without dotting an "i" or crossing a "t."

Mr. BROWN. We are not talking about the zone agreement.

The CHAIRMAN. What I am interested in, I don't care what the details are, is in the construction of ships for the United States Government, and that is what you should be interested in.

Mr. BROWN. I am interested in the construction of these ships, but just before the strike came on the management of the Bethlehem Ship took machinists off of new work, work of building ships for Uncle Sam, and turned those men over to repair ships for the Soviet Government of Russia. Now, if ships are of such dire need, if we

are in such dire need for ships, it does seem that Uncle Sam's work should have preference.

The CHAIRMAN. There is no question, and we are under the impression that Uncle Sam's work does have preference, and if it doesn't, we will find out why.

Senator WALLGREN. This was in the San Francisco Bay region?

Mr. BROWN. The San Francisco Bay region, Bethlehem Shipbuilding division.

I might say, in passing, the question has been several times asked with reference to Government regulation or Government ownership of the Bethlehem Ship. I say with respect to the Bethlehem Ship, yes; a thousand times, yes; so that Uncle Sam will not suffer, as they suffered at the hands of the Bethlehem Steel during the Spanish-American War and during the World War.

In making that statement I refer the committee to the Congressional Record, page 2441, volume 53, part 3, Sixty-fourth Congress, and after you read that page I think you will understand what I have in mind when I say that so far as the Bethlehem Steel is concerned; yes. During this emergency let Uncle Sam take over that plant.

I want to make a further statement, Senator and members of the committee. Again I want to say that our organization prides itself on the fact that we have had discipline, we have lived up to contracts; in no instance where a contract was signed and applied have we ever broken a contract. But of late it has been getting very difficult to discipline our membership, and I will tell you why.

Last summer, when there was a threatened strike at the Boeing Aircraft Co. in Seattle, both the War and the Navy Departments urged upon me to go to Seattle and try to prevent that strike. I went to Seattle; I made two trips. We finally brought about a settlement without a stoppage of work. But soon thereafter, in southern California, at the Vultee Aircraft Co., a dual union pulled an organizing strike, and a representative of the National Defense Commission sent representatives out there to aid the dual union to make a success of an organizing strike. In one instance we go to Seattle and prevent a stoppage of work—

Senator CONNALLY (interposing). Wait right there! Whom did the Government send out there?

Mr. BROWN. Mr. Hillman, of the National Defense Commission.

Senator CONNALLY. Did he go himself?

Mr. BROWN. No; he sent a man out there; one of his commissioners or conciliators.

Senator CONNALLY. You make a statement here and now, do you, that Mr. Hillman, as the labor co-chairman of the O. P. M., did send a man out there for the purpose of stimulating and aiding that strike?

Mr. BROWN. Correct.

Senator CONNALLY. I am glad to hear you make that. You are prepared to substantiate that, are you?

Mr. BROWN. Yes, sir.

Furthermore, very recently it was necessary for myself and the executive council to go to Seattle to accept the challenge of the Communists who have worked their way into the Boeing plant. The

Communists were challenging the laws and policies of our organization. It finally resulted in 63 trials; 49 were expelled, and just as soon as we started to expel Communists a dual union started a campaign to try to break up the organization in that plant and urged the members to go on strike, and again I contacted Mr. Hillman, indirectly through a representative of the Labor Department, to see what could be done to get Uncle Sam to help us.

Senator CONNALLY. Who was the representative of the Labor Department?

Mr. BROWN. I contacted Assistant Secretary of Labor Daniel Tracy. He in turn contacted Mr. Hillman and asked him to give us help, so we would not suffer interference while we were cleansing our local union in the Boeing plant of communism. We stood there alone.

Senator CONNALLY. Wait a minute. Let me get this. You contacted Mr. Tracy; he contacted Mr. Hillman. What did Mr. Hillman say or do?

Mr. BROWN. Mr. Hillman was requested to get in touch with the C. I. O. and tell them to withdraw their organizers and let us complete our job of cleansing the local of communism.

Senator CONNALLY. What did he do?

Mr. BROWN. Mr. Hillman said he had done all he could do. What he had done I don't know, but the fact remains they are still there.

Senator CONNALLY. Who is still there?

Mr. BROWN. Organizers for the C. I. O., trying to break up our organization in the Boeing plant. And because of those experiences, we are finding it difficult to discipline.

Now, then, members of the committee, I want to be helpful and to give you all the information you desire, what I can. It may be that if you subject me to questioning we may be able to develop such further information as you desire.

Senator CONNALLY. All right. Why are you striking out there?

Mr. BROWN. At the Bethlehem Steel Corporation? First of all I want to say that our strike sanction was given on the basis of information furnished us by our local union. The strike was called at the Bethlehem Ship Corporation, as I recall, because the Bethlehem Ship refused to sign the agreement. They reduced the double time for overtime to time and a half. Our position is that when certain conditions prevail, and negotiations are being carried on, that those conditions should not be disturbed until an agreement is consummated.

Senator CONNALLY. What are you getting out there now? What are the wages that you have been getting? How long has your agreement been in effect?

Mr. BROWN. There has been no agreement with the Bethlehem Ship for 25 years.

Senator CONNALLY. What were you getting? What I am trying to get at is what you have been getting for the immediate past and what you are demanding for the future, and why you are striking.

Mr. BROWN. It is my information that at the Bethlehem Steel they were paying \$1 an hour for journeymen.

Senator CONNALLY. And your craft has been working at that?

Mr. BROWN. They were working up until the 3d or 4th of May.

Senator CONNALLY. All right. You evidently weren't satisfied with that, so you demanded some more wages. What did you demand?

Mr. BROWN. The Metal Trades Council demanded that they sign the master agreement.

Senator CONNALLY. I didn't ask you that. You signed that, so it doesn't do any good to sign things that you don't keep. I am talking about—

Mr. BROWN. Just a moment, Senator. That is not a correct statement, because you don't understand.

Senator CONNALLY. You said you signed it.

Mr. BROWN. The master agreement is to serve as a yardstick.

Senator CONNALLY. Exactly.

Mr. BROWN. And it is not applicable until the individual employer signs it.

Senator CONNALLY. You said all that. What I am talking about is, forget the master agreement and forget everything else. You have been getting \$1 an hour. What demand did you make in the matter of the increase of wage? What did you demand?

Mr. BROWN. My information is, the demand was made from the Metal Trades Council.

Senator CONNALLY. What was the demand?

Mr. BROWN. I just told you they asked the Bethlehem Steel to sign the master agreement.

Senator CONNALLY. What was the demand per hour?

Mr. BROWN. If you had said that, I would have known what you were talking about.

Senator CONNALLY. I said that. I am not paying any attention to this, because it doesn't seem to do any good.¹ Your man signed it, and you don't pay any attention to it. You were getting \$1 an hour. You made a demand for something besides that.

Mr. BROWN. The demand was made for application of the master agreement.

Senator CONNALLY. You don't want any more wages, then?

Mr. BROWN. No, Senator; that is not a correct statement.

Senator CONNALLY. What did you want? What demand did you make in the way of increasing wages? You know, if anybody does, and you are dodging. I want the answer.

Mr. BROWN. Senator, I am not dodging.

Senator CONNALLY. What did the local union demand in the way of increased wage?

Mr. BROWN. I am telling you the local was not making the demand. The Metal Trades Council was making the demand.

Senator CONNALLY. All right; what did they demand for the machinists? You are a machinist.

Mr. BROWN. Of course, if I may be permitted to answer the question as I understand it—

Senator CONNALLY. I have been trying to get you to answer it.

Mr. BROWN. I told you the demand was made for the master agreement, and that master agreement provides for \$1.12 an hour.

Senator CONNALLY. All right. What else did you demand?

¹ Referring to copy of the master agreement.

MR. BROWN. Well, just at the moment I can't tell you all the demands in there.

SENATOR CONNALLY. All of them? There were a good many, were there?

MR. BROWN. Well, it contains a number of clauses. If you will just bear with me, Senator, the grand lodge directly does not negotiate an agreement.

SENATOR CONNALLY. I know that.

MR. BROWN. The Metal Trades Council was negotiating the agreement. If I were one of the conferees I possibly would be familiar with all the clauses in the agreement.

SENATOR CONNALLY. It is your business, as international president, representing these people, to know something about these things.

MR. BROWN. Senator, we have close to 6,000 agreements, and it is not possible to know all these things.

SENATOR CONNALLY. Where are your headquarters?

MR. BROWN. Washington, D. C.

SENATOR CONNALLY. And you are vice president of the American Federation of Labor?

MR. BROWN. Yes, sir.

SENATOR CONNALLY. In daily association with Mr. Green?

MR. BROWN. Not daily, but we meet quite often.

SENATOR CONNALLY. You have discussed this question with him, haven't you?

MR. BROWN. Yes; I wrote Mr. Green in detail and explained much of what I have testified here, to explain that there was no agreement violated because the Bethlehem would not sign the agreement. An agreement can't be violated until it is signed.

SENATOR CONNALLY. Is your quarrel only with the Bethlehem?

MR. BROWN. No; our quarrel is with four small repair shops in San Francisco, and with the Bethlehem.

SENATOR CONNALLY. Where is the Bethlehem's plant?

MR. BROWN. San Francisco.

SENATOR CONNALLY. In the city?

MR. BROWN. I am not familiar with the geography of San Francisco. I believe it is there on the bay.

SENATOR CONNALLY. What do you want now, now that you have signed this and it is not being carried out? What do you demand before you are going to go back to work?

MR. BROWN. Senator, those questions, I believe, can be answered to greater satisfaction and benefit of the committee when you present those questions to our local representatives from San Francisco, who are here to testify.

SENATOR CONNALLY. All right, but you are the national president and you O. K.'d this strike, you have approved it?

MR. BROWN. Yes.

SENATOR CONNALLY. Didn't you know anything about it? Why did you approve it?

MR. BROWN. Yes; I did. The executive council knew that the Bethlehem Steel changed and lowered the standards.

SENATOR CONNALLY. What standards?

MR. BROWN. The overtime rule.

Senator CONNALLY. All right; you claim that.

Mr. BROWN. Let me finish my question, will you please? When the executive council sanctioned that strike they had in mind the fact that the Bethlehem Steel lowered the standard during negotiations and flatfootedly said, "We are not going to sign the master agreement."

Senator CONNALLY. The master agreement provides only for time and a half, doesn't it?

Mr. BROWN. That is true.

Senator CONNALLY. All right. Are you willing, if they sign, to go on and comply and go back to work?

Mr. BROWN. The grand-lodge sanction only applies up to the time the Bethlehem Ship signs the agreement.

Senator CONNALLY. If the Bethlehem signs, do your crowd go back to work?

Mr. BROWN. I can't answer that question.

Senator CONNALLY. Who can?

Mr. BROWN. The representatives of the men themselves.

Senator CONNALLY. I suppose we have to bring these 1,700 men here in order to do that.

Mr. BROWN. I don't think that is necessary.

The CHAIRMAN. That is why we are going to find out who is at the bottom of this thing.

Mr. BROWN. Senator, I am answering—

The CHAIRMAN. And I want you to do everything you can to get them back. I think you can do more than most everybody I know right now to get ships built.

Mr. BROWN. That is what I intend to do, but I think it is going to be very helpful if some people cease discussing this strike for public benefit without taking into consideration all of the facts.

The CHAIRMAN. Every effort has been given to you for discussion of this situation. This committee didn't get into it until we had been informed that there was no possible chance of a settlement otherwise. This committee represents the United States of America. We don't represent any union or any employer. We represent the people of the United States of America, and the people of the United States of America want to know why we can't get ships, and this committee is going to find out, Mr. Brown, no matter what it takes.

Mr. BROWN. And I want to cooperate with the committee.

The CHAIRMAN. That is what we want. If you cooperate, we can get ships. That is the answer.

Senator CONNALLY. Let me ask a question.

One of your strike kicks now is that you had double time and the Bethlehem says that it won't pay double time, and will pay time and a half. Is that right?

Mr. BROWN. No, Senator.

Senator CONNALLY. You said a while ago that one of the reasons you were striking was that they were reducing the standards, and you said from double time to time and a half. This master agreement provides for time and a half. You say you are willing to sign and go ahead with it if Bethlehem signs. Then you are willing to take time and a half instead of double time?

Mr. BROWN. Senator, I want to explain again. It may be difficult for you to understand.

Senator CONNALLY. It is very difficult for me to understand when you don't—

Mr. BROWN. I want to try to explain our position, the position of organized labor all over.

Senator CONNALLY. Forget organized labor! Everybody else in organized labor that signed this agreement is trying to go along except your local union out there. It looks to me like your local union thinks that it has got the Government by the throat, and it has got to accede to their demands or it won't get any ships.

Mr. BROWN. That is not a correct statement, Senator.

Senator CONNALLY. That is the way it occurs to me.

Mr. BROWN. That is not a fact.

Senator CONNALLY. And I want to say to you right now that the Government is not going to let 1,700 men in the United States sabotage this defense program, and if you fellows won't go to work I am in favor of trying to get somebody that will go to work out there and build these ships, and let your crowd go out to working on a farm or something else, if they want to.

Mr. BROWN. You asked me a question a moment ago, Senator, and you won't let me answer it. I would like to answer, if you will permit me.

The CHAIRMAN. Proceed. You have a chance to make your statement before this committee just like everybody else.

Mr. BROWN. When negotiating with an employer, and at the time when the workers are working under certain conditions, it is the policy of organized labor throughout this country that that employer shall not change those standards during the negotiations. Those standards should be changed only either upward or downward after an agreement has been consummated. And the Bethlehem Ship, I say, made their first mistake when they changed their working standards in advance of signing an agreement. That is the information I want to convey in reply to Senator Connally's question.

Senator MEAD. May I ask in what manner, in what detail, did they change their standards during the course of the negotiations?

Mr. BROWN. They arbitrarily lowered the overtime rate from double time to time and a half.

The CHAIRMAN. But they raised the wages 12 cents, didn't they—12 cents an hour?

Mr. BROWN. Not to my knowledge. They may have, but not to my knowledge.

Senator MEAD. Was that change in keeping with the conditions included in the master agreement?

Mr. BROWN. It is a fact that time and a half is provided for in the master agreement.

Senator MEAD. Yes.

Mr. BROWN. But it is a case where the Bethlehem Steel wanted to pick out rules that were to their advantage, but rules that meant an improvement to the worker they would ignore.

The CHAIRMAN. Wasn't that time and a half business one set up by the Navy Department and the shipbuilders, the Maritime Commission?

Mr. BROWN. It is my information that representatives of the Government did participate in those negotiations out there, and told the

employers that the Government, in compensating them for building ships, would only compensate them on a basis of time and a half for overtime.

The CHAIRMAN. We were told by Admiral Land and a representative of the Navy that time and a half was all they would agree to, and that that was a part of the master agreement. Of course I don't know anything about the details. We are trying to get the details in the evidence here before us, to see what the answer is.

Mr. BROWN. To be further helpful, in order that you will try to understand the temper of our people out there, members of the same union—

The CHAIRMAN. I think the people in San Francisco are just as patriotic as they are in the City of Washington.

Mr. BROWN. Thank you.

Members of our local union who are employed in approximately 165 shops, and where double time prevails in 160 shops, and where double time has been in effect for years—it is rather hard cheese to chew when you tell those people that after having this double time all these years, and 160 still pay it, that you must come down to time and a half.

Senator BALL. Mr. Homer told us that in effect the double time had been put in to prohibit overtime, except in very exceptional cases, and that as a matter of fact very little overtime at that rate had been paid in the last 8 or 10 years.

Mr. BROWN. Additional pay for overtime is known as a penalty overtime rule, to prohibit overtime work, in order to divide the work hours.

Senator BALL. And this time and a half was put in distinctly on the understanding that they would thereafter work the 6-day week. If they didn't work a 6-day week, then the double time rate was to prevail.

Mr. BROWN. The Bethlehem Steel put the double time into effect when practically every shop in San Francisco first put it in effect. Then they followed suit. No doubt they thought it was necessary if they expected to have mechanics. And I read the gentleman's testimony, and I want to say that what he testified to is not the whole story.

As I recall, he stated that the rule was in effect but they were not paying it because they were not working. Our people, and I think they are prepared to testify, were working overtime and getting paid for it right along.

Senator BALL. Just occasionally, or working a full day on Saturday, a regular shift?

Mr. BROWN. That I can't answer. The representatives can better answer that. They are more familiar with local problems.

Senator BALL. I would like to ask you about one other thing.

It was the Bay City Metal Trades Council that tried to negotiate the signed agreement with the Bethlehem, is that correct?

(Senator Connally took the chair.)

Mr. BROWN. When the master agreement becomes effective, it is after it is signed by the Metal Trades Council and the individual employer.

Senator BALL. But it was the Metal Trades Council, not just the machinists' local, that did the negotiating?

Mr. BROWN. Correct. The Metal Trades Council has been negotiating.

Senator BALL. The Metal Trades Council includes locals of some 12 other internationals?

Mr. BROWN. That is correct.

Senator BALL. Yet the only local which struck is the machinists.

Mr. BROWN. Machinists were the only local that struck. They struck when they changed that overtime rule, and the Machinists' Union at the same time or soon after that adopted a resolution to announce there would be no interference with members of any other crafts who wanted to go into the plant and perform their own work, but my information is that none of the craftsmen of any craft at the Bethlehem Steel will go back to work because the Bethlehem refused to sign the agreement.

Senator BALL. It strikes me as just a little curious that only 1 out of 12 metal trades unions would decide the situation was critical enough to strike. Only the machinists, out of all the locals in the Metal Trades Council, decided this necessitated strike action. The others, I presume, are still negotiating.

Mr. BROWN. No; they were not in negotiation, Senator. I can't answer why the other trades were prepared to stay on the job after that rule was changed arbitrarily without agreement. As I say, it may be that when our representatives are called—they are present—they will be able to give you more of these details than I can, because they are on the scene and I am not.

Senator BALL. Tell me this: To your knowledge, your International was a party to this statement that the metal trades department issued, I think some time in January, saying that they would exhaust all possible means of conciliation before stopping production.

Mr. BROWN. That is correct.

Senator BALL. Did your local out there, before going on strike, call in the Federal conciliator and try to take this thing up?

Mr. BROWN. The executive council was in Seattle when they granted the strike sanction, and we had a telephone conversation with the San Francisco office. I inquired whether a conciliator was on the scene to try to conciliate the differences and I was told "Yes, they had their ace conciliator here."

Senator BALL. What ace conciliator? Of what department?

Mr. BROWN. I don't recall the name of the gentleman.

Senator BALL. Was it Steelman?

Mr. BROWN. The Bureau of Conciliation, under the direction of Dr. Steelman. Later on, in a further conversation, after the strike had been in effect, I learned there was a misunderstanding, because he was referring to the previous strike a few weeks previous, when the so-called uptown shops were involved in the strike, and they finally brought about a settlement.

But before the executive council granted strike sanction we were also told that a representative of the O. P. M. tried to get the Bethlehem Steel to sign that master agreement but they refused. Naturally we believed O. P. M. had exhausted all their influence with Bethlehem Steel.

Senator BALL. Nevertheless, they did not try to go to the Mediation Board before striking?

Mr. BROWN. No; they did not. As I said, the reason they didn't press it is because of the dissatisfaction among our membership on the Pacific coast, by reason of what we experienced in the Boeing and Vultee situation.

Senator BALL. Had the local already gone on strike when your executive committee sanctioned it?

Mr. BROWN. No.

Senator BALL. They hadn't, yet?

Mr. BROWN. No.

Senator BALL. Do you know an organization out there on the west coast known as the Maritime Federation?

Mr. BROWN. Yes.

Senator BALL. That is an organization, as I understand it, of unions engaged in shipbuilding and the longshoremen and some other shore unions in the shipping industry.

Mr. BROWN. That is correct.

Senator BALL. Are there any of your locals affiliated with that?

Mr. BROWN. Yes, Local 68 and several other A. F. of L. craft unions are affiliated with the Maritime Federation in the San Francisco area.

Senator BALL. Then is that Federation quite largely influenced by Harry Bridges and his organization?

Mr. BROWN. It is my understanding.

Senator BALL. Isn't that rather unusual, for an A. F. of L. local to pay dues to an organization that is largely controlled by the C. I. O.?

Mr. BROWN. That is correct.

Senator MEAD. Mr. Brown, Mr. Green¹ said, and I don't know whether I quote his exact words or not, that there is an evil force at work out there. I just don't know whom he applied that to. I assume that he had in mind this general industrial area. And he also said that the evil was very deep-seated, and he said that it affected those that were susceptible. Now, in view of the serious situation that has developed out there, and by reason of the fact that we have had some experiences similar to this in the past, I was wondering if there were any of those evil influences at work behind this strike, or if you are sure, from the standpoint of your organization, that there are no evil influences nor any of the susceptible influences involved in this strike.

Mr. BROWN. There are no such influences involved, Senator, that I know of, and I want to say that if there is that suspicion, I hope this committee will go just as deep as they can to uncover such forces, if they do exist, because we are just as anxious as you are, because we do not want any of our locals' actions to be influenced by anything other than what is consistent with the laws and policies of our organization.

Senator MEAD. Tell me, how was this strike called? Was it as a result of a referendum vote, or was it an open vote in an open lodge meeting?

Mr. BROWN. My information is that it was a secret ballot by the membership involved.

Senator MEAD. In meeting?

Mr. BROWN. In meeting.

Senator MEAD. Or with the ballots mailed out to the members?

Mr. BROWN. My information was, in meeting.

¹ William Green, president, American Federation of Labor, *supra*, pp. 1160, 1172.

Senator MEAD. Did they strike rather spontaneously, or did they strike after exhaustive efforts to arbitrate? I didn't quite follow the questioning directed by the the Senator from Minnesota.

Mr. BROWN. As far as I know, there were no overtures or efforts made to arbitrate, and right there, Senator, if I may say, reference has been made to the arbitration clause in the master agreement. That arbitration clause does not apply until after the agreement is signed and in effect, and after the agreement is in effect, if differences arise, then, and not until then, does that arbitration clause go into effect.

Senator MEAD. In view of the fact that various departments of the American Federation of Labor have gone on record opposing strikes in defense industries and promising not to strike until arbitration fails, and in view of the fact that in many of the collective-bargaining agreements they have a 30-day waiting period, and together with the fact that in this particular instance the Army and the Navy and the Maritime Commission had, in cooperation with employees and employers, negotiated agreements, whether they are zone agreements or master agreements, and in view of the fact that your organization was part of this agreement, and with all that background, that background of welcoming arbitration, that background of the integrity of contracts, don't you think that they should have exhausted every available means of arbitration and mediation before they called a strike, or before they asked your sanction to call a strike?

Mr. BROWN. I personally think so, Senator.

Senator MEAD. Wouldn't their case be stronger now if they exhausted all honorable means at their disposal, in view of all of the obstacles in the way of a quickly called strike? Wouldn't they be stronger now in the public mind if they had arbitrated these differences?

Mr. BROWN. I think you are correct, Senator, and I don't believe there would be a strike out there today if the Bethlehem Ship had permitted those standards to remain in status quo until an agreement of some kind could have been consummated.

Senator MEAD. In view of the fact that the Bethlehem Steel took advantage of a transitory situation to alter agreements, wouldn't you have them in a better position if you negotiated rather than called this strike? I am thinking about the public reaction. If they turned culprit at a time when agreements were in the making, and you arbitrated, wouldn't you be very strong at the arbitration table?

Mr. BROWN. That is true, but my understanding is, Senator, that if our local union had not acted out there, there might have been what you may term a local outlaw strike. It is very possible the men would have broken ranks and left the shop regardless of the position taken by the local lodge.

Senator MEAD. In view of the fact that there were so many other unions working in the same shops, affected by the same agreements, that did not strike and who did not sanction this strike, it occurs to me that that may be an exaggerated statement. Only one union, representing only a small fraction of the employees, went on strike. The others were not offended, evidently. They didn't even ask for arbitration, so far as the altering of the agreement was concerned.

They made no public objection to it whatsoever. So that I don't know how an outlaw strike would spread, when so many workers in other crafts made no objection to the alteration of the agreement.

Mr. BROWN. Well, Senator, I said it is my information that there believe can be answered to greater benefit to the committee if that believe can be answered to greater benefit to the committee if that question is presented to the local representatives.

Senator MEAD. I see.

Mr. BROWN. If I had been on the scene, possibly I could be more helpful by way of answering those detailed inquiries.

Senator MEAD. Back of it all is the negotiation of an agreement. While an agreement wasn't fully signed, it was an agreement, nevertheless, and to think that a labor organization broke an agreement, even though it wasn't a complete agreement with considering arbitration, does violence, in my opinion, to all the traditions of labor that I am familiar with, and I was concerned in a similar situation affecting a railroad organization of which I was a member, and I can recall how every representative of every bona fide group stepped into the battle and aided in breaking that outlaw strike, and that is one of the richest traditions of the labor organization.

It occurs to me that in view of the fact that these agreements were in the process of negotiation, and your local officers signed—even though Bethlehem didn't—you should have let Bethlehem break the agreement, force the walk-out; and it occurs to me that in view of the fact that all the other groups stayed to work and didn't even resort to arbitration, and were evidently not excited about these so-called changes, that the one machinists' group should have at least satisfied their desire for perfection in the agreement by resorting to arbitration before calling a strike.

Mr. BROWN. Well, but, Senator, I have to reply by saying I appreciate fully that it would have been far better if that matter could have been disposed of without resorting to a stoppage of work, but, I again must say, and it is the position of our executive council, that we have no knowledge of an agreement being violated. The master agreement we have signed we stand back of.

Senator BREWSTER. Now, may we go back a step? You have never had any agreement with Bethlehem?

Mr. BROWN. My information is they have not had an agreement with the Bethlehem Co. for at least 25 years.

Senator BREWSTER. The first thing they did out there was to establish what they call zone standards; wasn't that the situation?

Mr. BROWN. No; I don't know as that is altogether correct.

Senator BREWSTER. Well, think that has been the testimony before us, that they first established what they call zone standards. Out of that grew a master agreement, and then local agreements. Now, haven't you been informed about this, what they call the zone standards, which were inaugurated under Mr. Cooke, concerning which he testified here? ¹

Mr. BROWN. The zone agreement, as I understand it—

Senator BREWSTER. Not agreement, the zone standards established by agreement. That was by the body constituted under the O. P. M. and the labor body.

Mr. BROWN. My information is that the so-called master agreement that has been signed—

¹ Morris L. Cooke, Chairman, Shipbuilding Stabilization Committee, whose testimony appears supra, pp. 1131-1139.

Senator BREWSTER. Can't you answer my question?

Mr. BROWN. Beg pardon?

Senator BREWSTER. Can't you answer my question about zone standards?

Mr. BROWN. It seems my understanding of the zone agreement is different from yours. My information is that the so-called zone agreement represents the so-called "must" points by the Government.

Senator BREWSTER. Yes.

Mr. BROWN. They insist that they must be embodied in the master agreement.

Senator BREWSTER. That is right.

Mr. BROWN. But it is not my information that any of the unions, anywhere on the Pacific coast, were asked to sign that so-called "must" agreement. It became a part of the master agreement.

Senator BREWSTER. I haven't asked you that. You are anticipating the question. However, let's go along. You recognize there were zone standards established; you term them "must" clauses, for the master agreement. It is a matter of terminology.

Mr. BROWN. My information is that those "must" clauses were not to be applied to any particular zone, but all along the coast.

Senator BREWSTER. That's right. So they did establish first what they termed the "must" clauses; then later, out of that, was evolved a master agreement which, as you state, Bethlehem has not signed.

Now, is it correct that prior to this current crisis, this last year, there had been practically no double time paid?

Mr. BROWN. Now, if you will pardon me, Senator Brewster—

Senator BREWSTER. I wish you could answer the question.

Mr. BROWN. I will do that, but you made a statement and I have to make a correction before I can proceed, because I want to have the record correct as far as I am concerned. You spoke about negotiating a zone agreement, and out of that grew the master agreement. It is just the reverse. My information on this—I may not be properly informed—is that a certain group of shipbuilders and representatives of the unions—

Senator BREWSTER. And representatives of the Government.

Mr. BROWN. They were present. They were negotiating a master agreement, and during the negotiations, my information is that certain "must" clauses must go in there.

Senator BREWSTER. That is right.

Mr. BROWN. Now, then, unless I have got the wrong picture, those "must" clauses are referred to as a zone agreement.

Senator BREWSTER. All right.

Mr. BROWN. But an agreement is not signed until they sign the master agreement. There is this difference, I understand, that in the Northwest, where they had a higher rate, they do have a higher wage standard than in the San Francisco area, even under the master agreement.

Senator BREWSTER. I think if you would recognize the use of words, what I refer to constantly is zone standards. I don't think we should use the word "agreement" because it isn't. It isn't what we conceive of as an agreement. It is zone standards established for the Pacific coast by a conference of many interested parties. I didn't mean to intimate it was binding; I wasn't trying to lead you into any trap. I don't think it was an agreement. It was standards established by

this conference, to which they hoped the various parties would then agree. Is that correct?

Mr. BROWN. Yes; if I may qualify that answer with this statement, that the Government insisted that those provisions, regardless of what else the company may sign, they must accept those provisions.

Senator BREWSTER. And everybody was agreeable to those.

Mr. BROWN. As far as I know.

Senator BREWSTER. Yes; and it is not to those provisions that the Bethlehem Co. is taking exception, isn't that correct?

Mr. BROWN. I can't say for certain.

Senator BREWSTER. Well, we had some testimony—

Mr. BROWN. Bethlehem take the position they would not agree to the closed-shop clause and they would not permit a business representative to come on the premises and settle grievances.

Senator BREWSTER. Those are not part of the zone standards.

Mr. BROWN. No; but the conferees accepted certain other provisions of the agreement. In other words, when they were compelled to accept a lowering of standards there were other provisions injected in the agreement which you might refer to as a trade, maybe not intended in that way, so therefore it is natural for our people to say, "If the employer wants to accept this one clause, that we agree to, providing we get another clause. Unless he accepts both clauses, there is no go.

Senator BREWSTER. Well, this is the situation, is it not, that what you term the "must" clauses were put into effect by the Bethlehem and other operators, but they declined to sign the master agreement, which contained certain other stipulations to which they were not then ready to agree. Is that correct?

Mr. BROWN. I personally don't know what the Bethlehem put into effect excepting the change in the overtime rule.

Senator BREWSTER. Then is it correct that there had been practically no double time prior to this past year?

Mr. BROWN. My information is that there was continually double time in the Bethlehem plant, but how many of the employees were required to work overtime to get double time I can't say.

Senator BREWSTER. Our testimony was that it was negligible prior to this last year. Probably there are some of your other associates who will know about that.

But what percentage of the machinists in the Bethlehem plant belong to the union? Do you know that?

Mr. BROWN. No. Offhand I could not say. I believe it is around 80 percent or better, although again our local representatives can give you more correct information.

Senator BREWSTER. Well, doesn't it boil down to the position that this strike out there is over the question of whether that remaining 20 percent shall be compelled to join a union?

Mr. BROWN. That is one of the issues.

Senator BREWSTER. Isn't that just about the essence of it? You are perfectly ready for the time and a half if they will comply with the other clauses, chief of which are the closed shop and the organizer on the premises?

Mr. BROWN. I suppose that one provision is paramount to everything else.

Senator BREWSTER. Following what Senator Mead said, don't you feel, as a responsible labor leader, that it is extremely unfortunate that that particular issue should be the occasion of so profound an upset in our situation, when a wage question is not involved?

Mr. BROWN. We very much regret, Senator, that it was necessary to have a cessation of work. But on the other hand, it takes two to make a fight, and we say that since all the other shipbuilders were agreed to a closed shop, that the Bethlehem should not have asked for something different.

Senator BREWSTER. The only thing this committee can hope to do is to get the facts straight, and that fairly expresses the situation, would you say, that if the Bethlehem will sign up for a closed shop, everything will be rosy?

Mr. BROWN. If the Bethlehem signs the master agreement, then the sanction that our grand lodge has given will be withdrawn.

Senator BREWSTER. And the only real point at issue in the master agreement as distinct from the zone standards, as I still prefer to call them, is this question of a closed shop?

Mr. BROWN. I believe so.

Acting Chairman CONNALLY. Mr. Brown, who is the leader of this strike out there?

Mr. BROWN. I wouldn't know as you would call any particular man a leader, excepting this, when the membership vote to go on strike, then their business representatives are automatically obligated to represent them. *

Acting Chairman CONNALLY. Who stirred it up? Who raised all the row that got this started?

Mr. BROWN. I don't know; I don't know that it was any individual.

Acting Chairman CONNALLY. That got this union to go on strike? These so-called zone standards, the "musts," that you talk about, they were inserted at the request of the Government, were they not?

Mr. BROWN. So I understand.

Acting Chairman CONNALLY. One of those was time and a half instead of double time?

Mr. BROWN. Yes, sir.

Acting Chairman CONNALLY. So you are not going to get double time.

Now, the other thing you are demanding is a closed shop; is that right?

Mr. BROWN. Correct.

Acting Chairman CONNALLY. And if they will close the shop and let you dictate who works and who doesn't work, you will go along?

Mr. BROWN. That is not involved in a closed shop. A closed shop is fundamentally American.

Acting Chairman CONNALLY. I won't argue that with you.

Mr. BROWN. I would like to argue it with you, Senator.

Acting Chairman CONNALLY. We are arguing something very much more important right now.

We will assume that these 1,700 men out there of your organization have got the Government down with its finger in the Government's eye and a hand ahold of its throat. Now, what, may we please ask you, in all kindness, can the Government do now to get you to go back to work? What are your demands, that you won't let the Government up until we agree to them?

Mr. BROWN. Senator, in making that statement of that question, if there is anybody doing that to Uncle Sam then there are two parties doing it, both the employees and the employer.

Acting Chairman CONNALLY. I am talking about you now. You leave the other fellow off. What do you, as a representative of the machinists—you have us down and you have your finger in our eye and your hand abhold of the throat of the Government of 130,000,000 people. What do you want us to do before you let us up?

Mr. BROWN. Well, those are not the conditions.

Acting Chairman CONNALLY. Upon what terms will your little 1,700 men go back to work and go to making money and earning money, instead of loafing around on the streets trying to keep other people from working?

Mr. BROWN. Senator, I don't like to say this, but remarks of that kind are what is causing the pot to boil over in San Francisco.

Acting Chairman CONNALLY. The pot boiling over is what causes these remarks.

Mr. BROWN. And you want to know what can be done to settle that strike. My understanding—not my understanding, but the Metal Trades Council in San Francisco are the parties to that master agreement, and when the Metal Trades Council in San Francisco finally succeed in consummating an agreement with the Bethlehem Ship, the men will go back to work.

Acting Chairman CONNALLY. In other words, when the Government does what you demand you will go back to work, and until the Government does, you won't.

Mr. BROWN. No; when the shipbuilding companies agree to the provisions within the master agreement, as far as the grand lodge is concerned. It isn't a question of the demand of the Government, but ships will be built when the Bethlehem Steel Co. will do as their competitors are doing.

Acting Chairman CONNALLY. Whom are they building those ships for, the Government of the United States?

Mr. BROWN. Yes.

Acting Chairman CONNALLY. Who wants the ships? The Government wants them.

Mr. BROWN. That is right.

Acting Chairman CONNALLY. One hundred and thirty million people want them.

Mr. BROWN. So do we.

Acting Chairman CONNALLY. But you don't want them enough to go on and perform your job as you have been performing it for 2 or 3 years, until this agreement can be reached. You are going out and saying, "We won't work, we won't let anybody else work on these ships until the Government of the United States makes these employers and makes everybody else do what we say." Isn't that your attitude?

Mr. BROWN. No; that is not the fact. Here are the facts, Senator: The Bethlehem Ship Corporation says, "You take it or leave it," and we say to the Bethlehem Ship, "Since you refuse to come out in the open and participate for negotiating a master agreement but behind closed doors you dictate the policy, and after it is all

over you haven't got sufficient sportsmanship in your management to go along with what you dictated behind closed doors"——

Acting Chairman CONNALLY. Is that all of the picture? Here is your international president, Mr. Frey.

Mr. BROWN. No; he is not the international president.

Acting Chairman CONNALLY. No; he is the head of the metal trades.

Mr. BROWN. He is president of the metal trades department.

Acting Chairman CONNALLY. Which includes the machinists. Here he is, saying you ought to go back to work. Here is Mr. Green, president of the A. F. of L., with which you are affiliated, saying you ought to go back to work. And against all those influences 1,700 men in San Francisco say "No, we won't go back to work. Make the Government get on its knees, by God, and do what we say, and then we will go to work."

Mr. BROWN. Senator, my information is that Mr. Frey has not tried—let me finish——

Acting Chairman CONNALLY. You will finish, but you will finish when the chairman says you will finish. I am conducting this investigation and examination. Now go ahead. The strike tactics don't go here in this committee. You can run maybe your union out in San Francisco, but you are not going to put on any trick here and tell this committee what it has to do and what it hasn't got to do.

Mr. BROWN. That is not the intention, Senator. If I hadn't been interfered with so much, possibly we would have made more progress. Mr. Frey has not, as I understand it, tried to take men into the Bethlehem Ship. My information is that Mr. Frey has tried to crash the picket lines in shops where the C. I. O. is on strike, but not the Bethlehem Steel. That is my information.

Acting Chairman CONNALLY. He wants you to go back to work. He says it is an outlaw strike and the machinists ought to go back to work.

Mr. BROWN. He made that statement. I am not responsible for the statements Mr. Frey makes.

Acting Chairman CONNALLY. I know you are not. Mr. Frey is. Mr. Frey says you ought to go back to work, and he is head of the local union.

Mr. BROWN. He is not head of the union in the sense that he has that authority.

Acting Chairman CONNALLY. If he did, he would have you back at work. Does anybody else want to ask him a question?

Senator MEAD. Mr. Brown, I realize that Bethlehem is determined to prevent the recognition of your union, as we understand recognition of a union in a so-called closed shop. If I gather anything from this testimony, I gather that the Bethlehem Steel Co. is bent on refusing to recognize your organization.

Mr. BROWN. That is correct.

Senator MEAD. I understand, also, from what the chairman said, that the Bethlehem Steel is willing to sign the master agreement. You probably heard the chairman say that.

Mr. BROWN. That is the first information I have.

Senator MEAD. Without crossing a "t" or dotting an "i" so they told this committee.

Mr. FULTON. The zone provisions in the agreement.

Senator MEAD. Yes. In view of the fact that you stated if Bethlehem will sign the master agreement you will withdraw or recall the strike sanction—

Mr. BROWN. Correct.

Senator MEAD. I am putting this proposition up to you as a sporting proposition. In view of the fact that you have been told by the chairman of our committee that the Bethlehem will sign this agreement, and in view of the fact that you will withdraw the strike sanction and arbitrate these questions, or refer them to arbitration, why wouldn't you request that these men consider returning to work and referring all the questions to arbitration under Dr. Steelman or anyone else of your choosing, in view of the fact that you have been advised on reliable authority that the Bethlehem will sign the master agreement?

Mr. BROWN. Well, Senator, the Senator before, I believe, tried to correct you and said they only wanted to sign the zone agreement. I would like to know, has the management of the Bethlehem Steel made a statement that they will sign the master agreement?

Mr. FULTON. I can answer that. What Senator Truman meant was the zone agreement, the "must" clauses you referred to, and the zone standards, which Senator Brewster has referred to. The Bethlehem informed us yesterday that they have taken the position for some time that they would sign an agreement without dotting an "i" or crossing a "t" that would contain every single one of those standards.

Mr. BROWN. My information is that the metal-trades council, who are the only people who can negotiate an agreement, will not sign until they sign the master agreement.

Mr. FULTON. In other words, the closed shop?

Mr. BROWN. Yes, sir; with a number of other clauses.

Senator BREWSTER. That is the essence of it.

Mr. BROWN. The most important.

Senator BREWSTER. The others implement the agreement, about the organizers going in and things of that kind.

Mr. BROWN. Yes.

Senator MEAD. Well, under the circumstances couldn't you suggest to the union out there that they refer the entire matter to arbitration, and when I say "in view of the circumstances" I have in mind the attitude of Mr. Green, of Mr. Frey, who testified before our committee, together with the fact that the rest of the union organizations out there seem to be willing to work.

Mr. BROWN. Senator, my personal opinion is that if our international attempted to try to force those men back on the job, you would have a far worse condition than you have now.

Senator MEAD. Mr. Frey, who is in a similar position of leadership with you, and Mr. Green, whose interests in labor I imagine are identical, both asked them to go back to work, and in your case you are to only ask them to arbitrate.

Mr. BROWN. But Mr. Green and Mr. Frey asked them to go back to work because they were violating an agreement—they were not violating an agreement.

Senator MEAD. In your case you could ask them to go back for a certain period of time in the hope of working this out through mediation. They wouldn't be forfeiting any of their rights.

Mr. BROWN. I would rather reserve my further opinion until I have an opportunity, if it becomes necessary, for me to go on the scene and meet the men directly. But again I say, Senator, this matter has become messed up so much because of statements made not only against those men out there but against all organization, that I want to say it is decidedly unfair. If any of you gentlemen are in doubt as to the reputation of our organization in the matter of strikes, and going all the way to avoid a strike, I am going to ask you to question Dr. Steelman.

Senator MEAD. I also think this is a local matter. I believe whatever the trouble is is out there. I think the trouble may be in the adamant attitude of the Bethlehem Steel, and there may be some members of your organization that acted a little bit hastily, whereas they should have called for arbitration. But I am familiar enough with your fine international organization to realize that they have a very good record insofar as keeping agreements is concerned, and that is why I was at a loss to fathom the situation out there.

Mr. BROWN. My personal opinion, Senator, is that it is hard to understand this situation out there so far from the scene, especially because of our people fighting for a quarter of a century to establish contractual relationships with that employer, to put into effect a Government policy, a policy announced by the United States Congress years ago and that Bethlehem Steel has viciously fought, to prevent labor from establishing collective bargaining in that plant, and thus bringing the thing to a boiling point.

Senator MEAD. In view of the fact that it is the announced policy of the Congress, the recognition of the rights of labor to collective bargaining, a philosophy contained in the Wagner Act, you would be reinforced again if you would submit the entire matter to arbitration. I don't see where you have anything to lose. You have public opinion to gain, you would have the results of the arbitration agreement, and you would have the support of all the other organizations that may now evidently take issue with you.

Mr. BROWN. Well, the matter of arbitration, I think you understand, Senator, is a matter that must be decided by the members directly involved. Our international has no authority in that direction. We can recommend it.

Senator MEAD. Your international sanctioned the strike, and you said a moment ago you could withdraw the sanction for a strike, so I am just asking the exercise of your powerful influence with the local group out there to refer this entire question to arbitration. I can see where we have nothing to gain by staying out on a strike while refusing arbitration and where you have everything to win if they will go back to work and refer the whole question to arbitration.

Mr. BROWN. Senator, after you have questioned our two local representatives, they are going to be able to develop far more information than I have, because I am 3,000 miles from the scene. And after they have testified, then it may be this committee might be in a better position to determine what you should do and whether that is the answer.

Senator MEAD. But my only reason for asking you to use the powerful influence that you command is because of the fact that you and your board, far removed from the scene, gave them the sanction to strike, and you still maintain that you have the right to withdraw that sanction.

Mr. BROWN. Yes; but back of it all, Senator, is the fact based on our information that the Bethlehem Steel, behind closed doors, influenced an agreement which they now are unwilling to sign, and it is a hard job to get members to agree to anything else.

Senator MEAD. They may be at fault, and I believe they are, but it is difficult for the public mind to harmonize the attitude taken by you and the leadership of those who are associated with you in the field of labor.

Mr. BROWN. Senator, is a question on my part permissible of you at this time?

Senator MEAD. Oh, yes.

Mr. BROWN. What is being done by Uncle Sam to make the Bethlehem put their name on the dotted line of the agreement that they helped to consummate, although their part was behind closed doors or behind the scene?

Senator MEAD. I imagine that your referring this whole subject to arbitration would give Uncle Sam plenty of leverage to exact certain stipulations out of Bethlehem, but of course, in view of the fact that your men abandoned the job to Uncle Sam, he is not in the same position he would be if you would say, "Well, now, we will arbitrate. Here is the culprit. We want you to bring Bethlehem to task. Here we present the philosophy of Congress, here is the policy of the labor law, here are the agreements that have been signed by all the other employers out here," and you could bear down upon him and show his weakness. But in view of the fact that you have left Uncle Sam holding the bag, he is unable to do the service to you that he would like to do.

Mr. BROWN. Senator, when you arbitrate the master agreement, then you break down the entire structure of the master agreement. The master agreement is not a subject for arbitration.

Senator MEAD. You would only arbitrate specific questions at issue. The Bethlehem came before the committee and said they would sign an agreement, we have it in the record. They said they would sign it. You said, "If they sign we will withdraw the sanction for the strike." In view of the fact that they have agreed to a wage raise, in view of the fact that they have agreed to the overtime provisions and vacations with pay which other employers have agreed to, there is only the recognition of your union to arbitrate, and it seems to me that that doesn't involve everything in the master agreement and you wouldn't be losing anything by calling the strike off temporarily and referring the whole subject to arbitration.

Mr. BROWN. Senator, on the basis of your experience, you know when you go into arbitration it is because both sides want to compromise. You have reached the compromising point. Can't you appreciate the situation on the west coast if that master agreement is going to be compromised in an arbitrary fashion, when as far as we know there is only one shipbuilder who says "No"?

Senator MEAD. I doubt very much whether he would be able to say "No" with a great deal of force after you arbitrate. You would show his attitude to the country.

SENATOR BREWSTER. I have looked over the evidence of Mr. Homer, because I wanted to be sure we were right, and of the Navy, who were here. Mr. Homer, on behalf of the Bethlehem, said that there had been practically no overtime prior to this last year, so that there had been practically no double time. That is, the men simply hadn't received it because they hadn't done it. It was a penalty proposition as you, I think, indicated might be the case. The Navy Department said that they would not and could not recognize double time for overtime, because of its consequences to the whole defense program, and they wanted to get the 48-hour week, including Saturdays, and were ready to pay time and a half for that, would authorize it and would pay it, and had requested the Bethlehem Co. and all other shipyards to go ahead on that basis. Is that in accordance with your understanding?

MR. BROWN. Yes, sir; excepting this. My information is that there has been more than "practically no overtime." Our local representatives, I think, can testify that there was considerable.

SENATOR BREWSTER. We will be glad to have the figures. He said it had been negligible.

We further find this curious situation, that under the wage standard which had hitherto prevailed, of \$1 an hour with double time, the men would get \$56 for a 48-hour week. Is that correct?

MR. BROWN. I haven't figured that out.

SENATOR BREWSTER. Forty dollars for 40 hours and \$16 for 8.

MR. BROWN. That would be; yes, sir.

SENATOR BREWSTER. Now, under the new standards, which the Bethlehem and all the others have inaugurated, of \$1.12 plus time and a half for a 48-hour week, you would get \$58.24. Do you see?

MR. BROWN. Yes.

SENATOR BREWSTER. In other words, under the pay scale which the Bethlehem are ready to pay, these men, if they had simply kept on working, would have got \$2.24 more a week than they would under the old scale which prevailed. Did you realize that?

MR. BROWN. Yes; I realize that.

SENATOR BREWSTER. So that there was no question of their wages being reduced under this new arrangement. They were rather increased under it. Isn't that correct?

MR. BROWN. According to those figures; yes.

SENATOR BREWSTER. So that the men were in no way prejudiced by the partial inauguration of this new arrangement, isn't that correct?

MR. BROWN. That does not—

SENATOR BREWSTER. So far as this pay is concerned?

MR. BROWN. Excepting this. If the Bethlehem had not broken down that overtime rule in advance of signing an agreement, there would have been a further differential in the pay envelope.

SENATOR BREWSTER. In other words, you say that if the Bethlehem had simply kept on paying you \$56 a week instead of \$58.24 a week you would have been perfectly happy. Is that correct?

MR. BROWN. That is not the question.

SENATOR BREWSTER. Isn't that correct? You say that the Bethlehem changed the situation during the process of negotiation. The only way they changed it was by giving you \$2.24 more a week.

MR. BROWN. They should have given more.

Senator BREWSTER. Your intimation was that the trouble was that they changed it during the negotiations. The only fault of the Bethlehem is, they should have stood pat, continued to pay you \$56 instead of \$58.24. Then you couldn't have charged they changed conditions during the negotiations.

Mr. BROWN. Senator, do I understand your figures are based on a \$1.12 rate in the Bethlehem?

Senator BREWSTER. Yes, sir; for the 48-hour week.

Mr. BROWN. I didn't have that information. I have received no information. I don't say it did not happen. I received no information that there was any change except this overtime rule. That is the information that came to me. If you will please keep this in mind, during all this turmoil I was in Seattle. About all the information I got was by long-distance telephone, and not much of that. I have not had the time since I came back from Seattle to delve into the file and read all that correspondence. That is why, again, I am not familiar with all those details.

Senator BREWSTER. Would you agree that if the Bethlehem inaugurated the new wage scale, with time and a half, that the men would have been better off than under the old wage scale with double time?

Mr. BROWN. With the \$1.12? Yes; the pay envelope on pay day would be larger. Yes.

Senator BREWSTER. We have the evidence of Mr. Homer, which I have here, which I understood you had read—Mr. Homer, of the Bethlehem Steel.

Mr. BROWN. Yes; his testimony.

Senator BREWSTER. In which he testifies their willingness to negotiate with anybody whom the Government designated as a bargaining agency.

Mr. BROWN. I read the testimony.

Senator BREWSTER. The Government notified them that your agency was the one, and they entered into negotiations?

Mr. BROWN. That is correct.

Senator BREWSTER. And you started discussions. Now, Mr. Homer testifies that at the time this strike was called, no agreement had been submitted to them or any suggestion that the closed-shop clause should be inserted in addition to the zone standards, that that question was not raised until some days after the strike was in effect.

Mr. BROWN. I am not familiar with the date when the metal trades council first met with management to negotiate an agreement. I am not familiar with that phase of the problem.

Senator BREWSTER. Well, I am quite sure that as the responsible head of this organization, the international brotherhood, it would be very well for you to inform yourself pretty accurately, because of course there is Nation-wide concern about this situation, and Mr. Homer testified very positively that the union entered into negotiations with the companies to develop an agreement, and after they had designated the bargaining agency, there was no agreement submitted to them or any suggestion of a closed shop until sometime after the strike had been called.

Mr. BROWN. Since you have asked that second question, it clicks in my mind that the Bethlehem Steel, in advance of the strike, was asked to sign the master agreement.

Senator BREWSTER. After the strike?

Mr. BROWN. No; I believe before the strike; but that, again, can be developed by those who were on the scene.

Senator BREWSTER. You are not familiar with the precise details?

Mr. BROWN. Not all those details; no.

Acting Chairman CONNALLY. Let me ask Mr. Brown a question. As a matter of fact, it is not wages that are causing this strike, is it?

Mr. BROWN. Yes; it is, Senator. Wages is one of the reasons.

Acting Chairman CONNALLY. Isn't it true that you have never had a closed-shop agreement with Bethlehem? You say you never had an agreement with them of any kind for 25 years.

Mr. BROWN. That is correct.

Acting Chairman CONNALLY. One of your demands in this strike is that you have a closed shop in the Bethlehem?

Mr. BROWN. That is true, because of part of it being a part of the master agreement.

Acting Chairman CONNALLY. No, no; forget the master agreement, because you are not paying attention to the master agreement.

Mr. BROWN. Senator, we are paying attention to the master agreement.

Acting Chairman CONNALLY. Isn't it a fact—and I want you to answer this—that the main demand that your local union is making out there is for the closed shop in the Bethlehem, and if you get that, you are willing to accept these other provisions?

Mr. BROWN. What do you mean when you say "main demand"?

Acting Chairman CONNALLY. I mean "main demand," just what I said.

Mr. BROWN. My answer is no.

Acting Chairman CONNALLY. What is the main demand?

Mr. BROWN. The main demand is the master agreement as presented by the Metal Trades Council.

Acting Chairman CONNALLY. That includes the closed shop.

Mr. BROWN. The closed shop is one of the clauses.

Acting Chairman CONNALLY. That is the one you are hanging on. If you get the closed shop in the Bethlehem, you are willing to accept all the other clauses in the master agreement.

Mr. BROWN. I cannot answer the question.

Acting Chairman CONNALLY. You just said you were.

Mr. BROWN. Senator, you are—

Acting Chairman CONNALLY (interposing). You are willing to take time and a half instead of double time, and you are willing to take the other "must" clauses in the master agreement, if you can get the closed shop in the Bethlehem plant, and your local union thinks that now is the time to strike. "The Government wants these ships, Hitler is making headway in Europe, they have got to get the ships to get our supplies over there, and if we just strike now and strike while the iron is hot, we will get this closed shop that we have been trying to get for 25 years." Isn't that the truth?

Mr. BROWN. Senator, in fairness to your witness, I think you should permit me to answer that question as I understand it. Will you please let me answer it?

Acting Chairman CONNALLY. I am asking you to answer it.

Mr. BROWN. You are asking me about the main demand and what is involved. I am again repeating, no one 3,000 miles away can tell what the objectionable features were to that master agreement ex-

cepting representatives of the metal trades council. The metal trades council were the negotiating agency. They sat in conference with the management. I do understand that the closed-shop clause and the right of business representatives to go on the premises to handle grievances were two of the provisions they objected to. I can't say that was all. I don't know. I doubt if anybody knows excepting those who were in the conference.

Acting Chairman CONNALLY. They are here, some of your local men out there, and as international president, it looks to me as if it is your business to know something about these things.

Mr. BROWN. I am not the international president of the Metal Trades Council.

Acting Chairman CONNALLY. You are the international president of the machinists, the ones on strike. They are the only ones on strike, and they are the only ones raising all this hell out there.

Mr. BROWN. When I learned that this committee had subpoenaed our local representatives and, I believe, a representative of the metal trades council, it was natural for me to believe that those details you intended to handle through the committee. If I had known in advance that I was to testify to all those details that nobody knows about unless he is on the scene I possibly would have prepared myself if I had had the time, but knowing you had subpoenaed these men to come here, I naturally believed you would reserve those questions for them.

Senator BREWSTER. I want to read to you the statement of Mr. Homer,¹ so it will be definitely before you and in the record.

The agreement—

referring to the master agreement—

had not been presented to us at all at the time the strike was called, nor was there any issue on this particular question of closed shop at that time. It has only arisen in the last few days.

I understand you don't know whether or not that statement is correct.

Mr. BROWN. I don't know whether that is a correct statement.

Senator BREWSTER. But you do recognize that it is a pretty important one.

Mr. BROWN. Yes; and it is my understanding, while I may be mistaken, that the Bethlehem Ship or Steel was asked to sign the master agreement, but they raised this question.

Senator BREWSTER. When?

Mr. BROWN. Before the strike.

Senator BREWSTER. Before?

Mr. BROWN. That "we must first know whether you are the legal bargaining agency. You first must be certified"—referring to the Metal Trades Council.

Senator BREWSTER. That was correct, wasn't it?

Mr. BROWN. When the Bethlehem Steel makes a statement, it must have been in response to a petition or request made of management. When they say, "We must first learn whether you are the proper bargaining agency," in my opinion, that statement followed a request of some kind from the metal trades council, and my further assumption is

¹ Arthur B. Homer, vice president, Bethlehem Steel Co., shipbuilding division, *supra*, p 1145.

that it is the result of the Metal Trades Council's asking the Bethlehem Steel to sit down and negotiate an agreement on the basis of the master agreement.

Senator BREWSTER. But Mr. Homer's statement was that after the zone standards were established, subsequently the union entered into negotiations with the companies with whom they had agreements, to modify the existing agreements to comply with the terms of the zone conference agreement. They then asked who represented the employees in their yard—Bethlehem did—and were finally advised that it was the metal trades council, whereupon they sat down to negotiate. During the process of negotiation they suddenly were faced with a strike before, they testify, they were ever presented with the master agreement. That is quite an important point in this, and I think whoever is competent in your group should be prepared definitely to answer that.

Mr. BROWN. Those who come from the scene are better qualified to testify on that.

Acting Chairman CONNALLY. Are there any other questions? The instructions of the chairman are that the committee will recess until 10:30 tomorrow morning, and we will expect these local witnesses from San Francisco to be here at that time.

Mr. BROWN. Are you through with me, Senator?

Acting Chairman CONNALLY. Yes, sir. Thank you very much, Mr. Brown.

(Whereupon, at 1:10 p. m. the committee recessed until 10:30 a. m., Wednesday, May 28, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

WEDNESDAY, MAY 28, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE INVESTIGATING
THE NATIONAL DEFENSE PROGRAM,
Washington, D. C.

The committee met at 10:35 a. m., pursuant to adjournment on Tuesday, May 27, 1941, in room 318, Senate Office Building, Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman, chairman, Mon C. Wallgren, Carl Hatch, Tom Connally, Joseph M. Mead.

Present also: Hugh A. Fulton, chief counsel; Charles P. Clark, associate chief counsel.

The CHAIRMAN. The committee will come to order. Mr. Hook.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mr. HOOK. I do.

The CHAIRMAN. Have that seat, Mr. Hook.

TESTIMONY OF HARRY S. HOOK, BUSINESS AGENT, LODGE 68, INTERNATIONAL ASSOCIATION OF MACHINISTS, SAN FRANCISCO, CALIF.

The CHAIRMAN. Mr. Hook, did you hear the President's speech last night?

Mr. HOOK. No; I was busy on other matters.

The CHAIRMAN. Have you read it?

Mr. HOOK. No; I have not.

The CHAIRMAN. Well, I think it might be interesting to you to hear this [reading from the President's speech]:

When the Nation is threatened from without, however, as it is today, the actual production and transportation of the machinery for defense must not be interrupted by disputes between capital and capital, labor and labor, or capital and labor. The future of all free enterprise, of capital and labor alike, is at stake. This is no time for capital to make or to be allowed to retain excess profits. Articles of defense must have undisputed right-of-way in every industrial plant in the country. A Nation-wide machinery for conciliation and mediation of industrial disputes has been set up. That machinery must be used promptly and without stoppage of work. Collective bargaining will be retained, but the American people expect that impartial recommendations of our Government services will be followed by both capital and by labor.

Are you prepared to follow out the suggestions of the President in his emergency message?

Mr. HOOK. The Machinists' Union is most certainly not going to take any position against this United States Government.

The CHAIRMAN. When are you going to start back to work, then?

POSITION OF LODGE 68, INTERNATIONAL ASSOCIATION OF MACHINISTS, IN
WEST COAST SHIPBUILDING STRIKE

Mr. HOOK. I would say that if the problem were just against the United States Government we would send our men back to work tomorrow morning, but we think it is a little different from that. We think it is the Bethlehem Shipbuilding Corporation that is the one that is responsible for most of the controversy on the Pacific coast at the present time.

Senator HATCH. Does it make any difference who is responsible, Mr. Hook? We have a condition——

Mr. HOOK (interposing). Well, I would say there—you say, "Does it make any difference who is responsible"? We feel that we have been kicked around a good many years by the Bethlehem Shipbuilding Corporation and possibly they should be the ones that would be called upon by the Government to do something.

The CHAIRMAN. We have called upon the Bethlehem Shipbuilding Co., and they say they are ready to go back to work; they are ready to meet you halfway on all these propositions; they are ready to sign this master agreement or zone agreement and then negotiate the rest of the situation. We were told yesterday by Mr. William Green, Mr. John Green, and by Mr. Frey, that this is an outlaw, an unauthorized strike, that this matter could have been arbitrated from the beginning. Now tell us just exactly why you can't follow the President's directions and go back to work right away.

Mr. HOOK. Well, Mr. Chairman, I wonder if you gentlemen would be interested in hearing the story?

The CHAIRMAN. That is what we have you here for.

Mr. HOOK. In its entirety and just leading up to this situation that we have over there at the present time.

The CHAIRMAN. Proceed.

Mr. HOOK. I think that would be the best; in that way you would know just what our position is in regard to this entire situation.

I understand, first, before I start. Mr. Chairman, that a witness here from San Francisco, the mayor of San Francisco, made some personal attacks on the character of myself.

The CHAIRMAN. He said that you had a habit of not keeping your agreements.

Mr. HOOK. Yes; I understand so, and is it permissible to start on that first, or just how do you desire?

The CHAIRMAN. I want to know the reason you fellows can't get back to work. I don't care anything about the personalities between you and the mayor of San Francisco. I will give you a chance to answer him if you want to. The first thing I am interested in is for this Government to get ships. What are you going to do to help us get ships?

Mr. HOOK. The first thing you want me to do is to start in on the situation.

The CHAIRMAN. I want to know the situation and why you can't go back to work. That is why we have you here. You can answer

the mayor of San Francisco or anybody else you want to answer after that.

Mr. Hook. Now, Mr. Chairman and Members of the Senate, I am going to try to explain this thing from the inception as to how this thing started, and that will bring me back to the Long Beach convention of the Pacific coast metal trades council in January, I think it was the week of the 26th. Mr. Frey came into that convention and told us that he had arranged for a meeting with the shipowners on the Pacific coast to be called in February of this year, February 3 to be exact, and he said that he was desirous of picking up a committee of three men from each council to go in there and meet with the shipowners. A committee of three was selected from each council, of which I was one at that time, and after the convention was over we proceeded to the Whitcomb Hotel. I might say that prior to the convention being over we did formulate an agreement to present to the employers, and that agreement called for \$1.25 an hour for all crafts, and when we got to the Hotel Whitcomb the agreement that was drawn up in the Long Beach convention was thrown out the window, and we then started in on an agreement that was submitted by the shipowners and went over it for a period of 2 weeks, I think it was, or 10 days, and then Mr. Lubin, Mr. Ring, and I think it was Captain Furer; that was at the first meeting, representing the Navy, the O. P. M., and the Maritime Commission, and they said that they decided to go to Washington to point out to the gentlemen in Washington where the difference was between the two organizations.

Our difference, on breaking up that first meeting, was the employers offered \$1.05 an hour, we asked for \$1.25 an hour, and then prior to their leaving, labor did reduce their wage rate from \$1.25 that they were asking down to \$1.15, and then they proceeded to Washington and came back and told us that in Washington there was no limit as to what we were to agree on, in other words that there was no ceiling or anything else.

In the interim of those three gentlemen, or maybe just Dr. Lubin, coming to Washington, we telegraphed to the President of the United States, Sidney Hillman, and Madam Perkins I think were the three to whom we sent this telegram.

This is the telegram that we sent to those three officials:

The International Association of Machinists, Local 68, voted by an overwhelming majority of 95 percent to strike shipyards and manufacturing shops in San Francisco because of inability to secure new agreement after 5 weeks' negotiation. Ultimatum purported to emanate from authorized Federal agencies in Washington laid down to our representatives in negotiations for coastwise agreement at Hotel Whitcomb that our members must accept specified wage rates and overtime provisions less favorable than now in effect. For immediate information of our 3,600 members awaiting strike orders, are these purported mandates official?

That was signed by the two agents of local 68.

I might say that we have never got any answer from any one of those three officials, with the exception that one man answered the wire, and this is what he said:

This wire addressed to the President of this Nation, to Mr. Hillman as Co-ordinator of the O. P. M., and the Secretary of the Department of Labor. To date there has been one lone response which arrived by regular mail under date of April 12 from a Mr. Nicol, secretary in the O. P. M., who announced that our inquiry would be referred to Mr. Hillman for attention.

And that is the only answer we got to that.

When those gentlemen then came back from Washington, Mr. Lubin came back, we then went into conference again, and after a long, drawn-out conference—and I might say that on two or three occasions it was necessary to call the Government men in, and at all times we felt, even on the employers' side as well as labor's, that we were not negotiating with the employer at all, that we were negotiating with these three gentlemen from Washington—they very definitely told us on two or three occasions what was going to be on certain things, particularly on the \$1.12 which was finally reached, at, as they claim, the ceiling, the time and a half for overtime, and all the time we were in those negotiations the employers took the same attitude as we did in regard to the position.

I might now say that as far as the Bethlehem Shipbuilding Corporation is concerned, that while they did not participate in any of the deliberations of those meetings, we do know for a fact that they met in caucus behind closed doors at another hotel, which was the Palace Hotel in San Francisco, with the other shipbuilders, and we think that they are the ones that made the balls and had the other ones fired. That is how we feel about the Bethlehem Shipbuilding Corporation in this entire matter. I might say that our organization has turned this down on three occasions now; three different votes we have had on this thing, and each time the men have turned it down. Personally, I think that the men feel, on the Pacific coast—and while the two agents, myself, and my colleague, Mr. Dillon, have been accused by many people of being the ones who are holding this entire thing, that is not the fact. We are acting as the agents. The men decided by secret ballot on three occasions to insist upon these conditions, and we are merely carrying out the words or the position that our membership tell us to do.

The CHAIRMAN. Don't you think as one of the authorized leaders of your organization that it would be no trouble for you to persuade these men that they ought to go back to work? Don't you think you could do that just as easily as you could get them to go out?

Mr. Hook. I question that very much, Mr. Chairman, for this reason.

The CHAIRMAN. Have you tried it?

Mr. Hook. That Lodge 68 does operate possibly a little different from a lot of organizations throughout this United States.

The CHAIRMAN. It is perfectly apparent from what has happened that it does. It seems to operate entirely different from all the rest of the unions that we have had anything to do with so far.

Mr. Hook. The Lodge 68 takes the position that the officials are working for them and they are giving the orders to the officials, and that seems to be the difference as to possibly how some other organizations do operate.

May I go on from there?

The CHAIRMAN. Proceed.

Mr. Hook. I spoke about the Bethlehem there. We received strike sanction from our international in regard to the four repair shops which are in San Francisco and the Bethlehem Shipbuilding Corporation, and that has been official, and I have with me a telegram to that effect here if you desire it to be read. I will give you that information just as to—

The CHAIRMAN (interposing). Well, the President of the International Union said that he authorized the strike, so you don't need to read the telegram unless you want to.

Mr. Hook. Well, that is a fact. He did authorize it.

The CHAIRMAN. He said that on the stand here yesterday.

Mr. Hook. Yes; and there were some questions asked the president of our international that he was not quite familiar with, and I think that the reason he was not familiar with them was because of the fact that he was 3,000 miles away from the scene of the controversy and didn't know exactly all.

The CHAIRMAN. Well, Mr. Hook, do you honestly think that the situation here is such that all the matters in controversy couldn't be negotiated in such a way that the situation could be met to your advantage and to the advantage of the employer and to the satisfaction of the United States Government?

Mr. Hook. Yes; providing that the Bethlehem Shipbuilding Corporation will do just as all the rest of the employers in San Francisco are doing. I don't know why the Bethlehem Shipbuilding Corporation should be an exception to any other employer; our men work sometimes for them and the following day they might be working across the street in a shop that is paying—

The CHAIRMAN (interposing). You have been working for the Bethlehem Shipbuilding Corporation for 25 years, haven't you?

Mr. Hook. How's that?

The CHAIRMAN. You have been working for the Bethlehem Shipbuilding Corporation for 25 years, haven't you, under these same conditions?

Mr. Hook. No; I would say that that is not exactly the fact.

The CHAIRMAN. In fact, the conditions under which you worked for the past 25 years are not as good as the ones that are being offered now, as I understand it. It seems to me that if you are paving the way to get what you want, you want to have public opinion with you. As it is now, you have public opinion against you. They think you are wrong.

Mr. Hook. Well, that is the reason we don't think we are wrong, is for the fact of what has gone on in the past 25 years that you speak of.

The CHAIRMAN. Well, to the best information that we can get, Mr. Hook, from Mr. Green, the president of the American Federation of Labor; from Mr. Frey, who is the president of the metal trades; and from the head of the C. I. O. ship workers; they all seem to think that you have taken undue advantage of the condition here that could have been met in a way that it would have saved the Government embarrassment, would have saved you embarrassment, and would have been an asset to your union.

Mr. Hook. Now, Mr. Chairman—

The CHAIRMAN (interposing). Now, the President last night, as I read you, says we are in the midst of a total emergency, and yet you won't tell me that you are willing to go back to work.

Mr. Hook. Mr. Chairman, as far as Mr. Green is concerned, and Mr. Frey, they don't give the story in regard to the Bethlehem Shipbuilding Corporation as I would like to give it to this committee.

The CHAIRMAN. Well, go ahead with your story on the Bethlehem Shipbuilding Co. If you can convince this committee that you are right we are perfectly willing to be convinced, but I don't see how you are going to do it. I am trying to give you a hearing. Now proceed.

Mr. HOOK. Well, Mr. Chairman, as far as the Bethlehem Shipbuilding Corporation is concerned, and the reason why our people take the position that they are no better than any other employer in San Francisco, is for the fact that we have one hundred and sixty-some-odd agreements signed up in San Francisco, and all taking the one position. The Bethlehem Shipbuilding Corporation has been for many, many years taking the position of submitting our membership to almost everything. You will recall back in the dark-age periods of the depression, from 1931 to 1933, when wages were cut throughout the United States, the Bethlehem Shipbuilding Corporation, without a wave of the hand, very quickly put into effect out there wages, as far as machinists were concerned, down to as low as 56 cents an hour.

Senator CONNALLY. Is that what you are striking about, what happened in 1931-33?

Mr. HOOK. We are not. But I am just trying to bring out, Senator, the facts of what has happened in that particular plant.

Senator CONNALLY. In other words, you have an old grudge with Bethlehem and you are taking advantage of this war situation to get even with them, is that it?

Mr. HOOK. No, sir; that is not a fact; no, sir. They did cut wages down there, and the other employers in San Francisco in most cases did not.

The CHAIRMAN. I want to ask you a question: Were you represented at this meeting that helped make this zone agreement, the fundamental agreement on which this whole thing is set up?

Mr. HOOK. Yes.

Senator MEAD. The master agreement?

Mr. HOOK. Yes; I was at the conference meeting at the start.

The CHAIRMAN. I am told that you made the motion to accept the zone agreement.

Mr. HOOK. No, sir.

The CHAIRMAN. That is what Mr. Frey says in his telegram.

Mr. HOOK. Mr. Frey is wrong on that, because he was not at the meeting and I don't see how he could know.

The CHAIRMAN. What part did you take in the meeting?

Mr. HOOK. This is the motion I made, Mr. Chairman [reading]:

The committee recommends that the attached letter be sent to the Office of Production Management, the Maritime Commission, and the Navy Department, and the master contract be adopted by the conference for submission to the respective groups for action.

That was the motion I made. However, it was changed to the word "ratification" because one of the members of that committee—and he is present here—said that he didn't think that the motion should come from labor; he thought it should come from the employers; and the employer made the motion and changed the word from "action" to "ratification," and it was Mr. Morton, the attorney for the shipbuilders.

The CHAIRMAN. You were there, however, and were represented when this agreement was signed.

Mr. HOOK. No, sir; I was not.

The CHAIRMAN. Your name is on here, as representing the Metal Trades Council.

Mr. HOOK. Mr. Chairman, I was there up to the point in the conference of San Francisco breaking off, and then for it to go back into the various organizations for action, and, as they put it, ratification, and then when our organization voted on it; then I did not attend any further meetings. In fact, the next meeting was called during that recess in Seattle, and I was unable to go to Seattle, and I did not attend any further meetings of this committee. Those are exactly the facts. But I was, and my name appears there as being in the conferences that were held at the Hotel Whitcomb.

I might say this for your information—I don't know whether you gentlemen know this or not. If that agreement had been put to a secret ballot of the membership on the Pacific coast as it was in Lodge 68 and some few other organizations, I think, to my knowledge, and I am pretty sure that I am correct when I say this, that that agreement would have been turned down 5 to 1.

The CHAIRMAN. That agreement is in effect in Seattle, isn't it? That agreement is in effect at Tacoma, isn't it?

Mr. HOOK. That is correct.

The CHAIRMAN. And Los Angeles, and the men are all working and the men that belong to your union are all working in those cities.

Mr. HOOK. Mr. Chairman—

The CHAIRMAN (interposing). It was put to a vote of the craft, so I am informed.

Mr. HOOK. Mr. Chairman, will you let me explain that to you, sir?

The CHAIRMAN. If you can, I will be glad to have you do it.

Mr. HOOK. All right; I'll be glad to. The various organizations voted on that, with exceptions. Lodge 68, the lodge that I represented, voted on it and turned it down by a secret ballot, and all organizations that voted on it, with the exception of one or two, that voted on it by secret ballot voted it down. There were, I think, a couple of organizations around the bay area that did have secret ballots and they did accept it.

Senator CONNALLY. May I ask a question right there?

Mr. HOOK. I would like to finish this, Senator, if you don't mind.

The CHAIRMAN. Ask the question, if you want to, Senator.

Mr. HOOK. Go ahead.

Senator CONNALLY. Who counts the ballots in a secret election?

Mr. HOOK. Who counts it?

Senator CONNALLY. Yes; that is what I said.

Mr. HOOK. The tellers.

Senator CONNALLY. That are appointed by you?

Mr. HOOK. Appointed by the president of the organization.

Senator CONNALLY. That is you.

Mr. HOOK. No, sir; I am not the president. I am the business agent.

Senator CONNALLY. Who is the president?

Mr. HOOK. Frank D. Mattei.

Senator CONNALLY. Why do you have a secret ballot? Why couldn't you let all in the meeting hold up their hands or call a roll or something?

Mr. Hook. Because we don't believe in that. There is too much of this pulling them up, as we have been told, in some organizations—pulling them up or making them sit down.

Senator CONNALLY. Nobody except the tellers appointed by the president of the lodge knows anything about how anybody votes? That is the way you count it?

Mr. Hook. The president himself doesn't know until the ballot is finally completed.

Senator CONNALLY. He knows the tellers, though, doesn't he?

Mr. Hook. He picks them from random out of the meeting; that is right.

Now, then, as far as the other organizations who voted to accept this agreement, they voted it with exceptions. Many organizations took the position that as far as the time and a half was concerned for overtime, and the dollar and 12 cents an hour, that they were not agreeable to those two points in the agreement, but they voted to accept it with those exceptions.

Senator HATCH. They wanted \$1.15?

Mr. Hook. That is right.

Senator HATCH. Three cents difference?

Mr. Hook. That is right.

Senator HATCH. They got 12 cents more under the agreement than they were getting.

Mr. Hook. That is right; in some sections; yes.

Senator HATCH. Then they wanted double time instead of time and a half.

Mr. Hook. Which they have always had; yes, sir.

Senator HATCH. Was that the only point of difference?

Mr. Hook. Oh, yes; it was.

Senator HATCH. That is not the testimony before the committee, but that is not important. I am trying to get at the point of difference. You wanted double time instead of time and a half. Are there any other points of difference?

Mr. Hook. As far as the agreement is concerned, our position is that the \$1.15 is the one controversy. We have always had the double time for 23 years in San Francisco, and I might say that it has been paid on new construction for the United States Government on destroyers and on the type C-3 boats, and in fact many of our men have earned their living by working just—in other words, the first 4 or 5 days of the week they wouldn't work, and they would work Saturday and Sunday and eke out their living that way.

Senator HATCH. Are there any other points of difference?

Mr. Hook. No; I wouldn't say so.

Senator HATCH. Just two points?

Mr. Hook. And the condition of our uptown agreement regarding the hiring of men.

Senator HATCH. And your organization is willing to go on a strike and tie up a vital defense operation on account of 3 cents an hour difference and a dispute as to overtime?

Mr. Hook. Well, Mr. Senator, the President—

Senator HATCH (interposing). I am just trying to get the facts, that is all.

Mr. Hook. The President of the United States said in one speech he made that labor was not going to be called upon to give away any of the conditions.

Senator HATCH. Well, when you are getting 12 cents an hour more than you got before, you are not giving away anything, are you?

Mr. Hook. As far as the 12 cents an hour is concerned, our position on that is this, that we try to make a uniform agreement for all of our employers in San Francisco, and where we have—and I have the documents here—160 shops signed up under the \$1.15 a hour, we feel that the Bethlehem Shipbuilding Corporation, who is the other man left—that their men are not entitled to get a less wage than those other 160 shops. That is our position there, and I think we are right there.

Senator HATCH. Mr. Hook, I want you to understand that there is nobody on this committee, there is nobody in the Congress or in the administration, and I think, in the public generally, that doesn't want labor to have every legitimate wage, improvement of labor conditions, and everything of that sort, that there is no antagonism to labor anywhere in the country. There is antagonism, and growing antagonism, to the position of any organization, either capital or labor, management or whatever you want to call it, that would put their own selfish interests—and when I say selfish I mean selfish when only 3 cents an hour are involved—ahead of the needs of the Government.

Now I want to show you this. I just went back to my office and picked up a letter that was called to my attention last week—I have a copy of it here—from another organization in the American Federation of Labor. I just want to show you their attitude, what this organization says. It is addressed to the President of the United States, and this is the spirit which I think if labor generally would adopt, and capital would adopt, would solve every problem that we have in this country. [Reading:]

MY DEAR MR. PRESIDENT: We, the members of the west coast local of the Masters, Mates, and Pilots of America, affiliated with the American Federation of Labor, will sail ships to any port in the world to which the Government of the United States, acting through democratic processes, wishes them to go to carry aid to the democracies. We are aware, moreover, that ships carrying material to help defeat the dictatorships may be attacked and their cargoes lost; hence, whatever decision you and the Members of the Congress make to safeguard the delivery of our promised aid will be supported by our organization 100 percent in order that such aid will reach its intended destination.

The members of our union and the members of the other maritime unions affiliated with the American Federation of Labor are eager to do their part to help defeat totalitarianism abroad and to wipe out its destructive work here at home. We have for some time been engaged in an active fight to rid the American merchant marine of Communists and their Nazi accomplices. So far as we are concerned, a total fight is on against the foul tactics of the Communists and their equally loathesome Nazi partners. We are resolved that they must be cleaned out and that their rotten influence must be wiped off the face of the earth.

Many of our members who loyally and faithfully served this country in the first World War are still able and willing to do so again. We all take this position fully aware of all that it implies. We know well the risks involved for us. We take this position because our members and their coworkers in the other American Federation of Labor unions loyal to the best traditions of America, loyal to the best traditions of the sea, are determined to make their contribution to help preserve those traditions which the dictatorships are seeking to destroy. This stand was taken by the membership at west coast local, National Organization of Masters, Mates, and Pilots of America, representing over 2,000

licensed deck officers, at regular meeting May 21, 1941. We are pledged to fight all dictatorships, Mr. President, and we are ready.

Respectfully,

CHARLES F. MAY, *President.*

I think that is a fine statement of a loyal American action.

We are not asking you to do anything; we are not asking your union to give up anything. The only thing we are asking you to do is to go back to work and keep this defense work going on. The Government will provide any machinery that is necessary in the way of arbitration, mediation, conciliation, to reach a fair and just settlement of whatever differences may exist. Can't that be done?

Mr. Hook. Mr. Senator, as far as Lodge 68 is concerned, I think we are just as loyal citizens as anyone else, and I think that our organization—

The CHAIRMAN (interposing). Are you going to show that by going back to work?

Mr. Hook. Well, I will say—

The CHAIRMAN (interposing). I think the best way you can show that is by going back to work.

Mr. Hook. If the President of the United States will tell us. And I might say there, also, that the statement was made here yesterday that it wasn't thought advisable for the Government to take over and operate the Bethlehem Shipbuilding Corporation. I personally think it would be a good thing.

The CHAIRMAN. You didn't answer my question. I want to know if you are willing to show your patriotism by going back to work and helping this country build ships. That is what we need.

Mr. Hook. Mr. Chairman, the membership—

The CHAIRMAN (interposing). Are you willing to get out of the way and let somebody go to work that will build them?

Mr. Hook. We have gotten out of the way. We have taken the position in this strike that we are not holding anybody out of work. We told the men those that wanted to go back to work could go back to work, but the position and the whole thing centers right at the Bethlehem Shipbuilding Corporation there where the men will not go back into that plant until they have a condition that is satisfactory to everybody.

Now, they have been kicking us around for a good many years, and that is the reason that the men on the west coast are pretty well burned up on the Bethlehem Shipbuilding.

Senator CONNALLY. Why didn't you strike when they started it away back yonder instead of waiting until the war came on?

Mr. Hook. We have had several strikes there, Senator, and every one has been one for advancement at each time.

The CHAIRMAN. I take it, then, you are not willing to go back to work?

Mr. Hook. Well, Mr. Senator, I would have to say that I am not the power in that. The organization is the power in that.

The CHAIRMAN. Well, what is your personal view? Are you willing to go back to work, or are you not? I would like to have you answer that.

Mr. Hook. If the membership of the lodge, No. 68, would vote, we will say, tomorrow morning, to go back to work, I, as one officer of

the lodge, would not say that they couldn't. I wouldn't have the power to do so.

The CHAIRMAN. You never have answered my question.

Senator HATCH. That is a very generous statement, Mr. Hook.

The CHAIRMAN. You haven't answered my question at all, sir. I don't believe you want to go back to work.

Mr. Hook. Me?

The CHAIRMAN. Yes.

Mr. Hook. Why, I certainly do. I don't like to see these men on the street.

The CHAIRMAN. Why don't you advise them to go back to work, then, and arbitrate these things? The Government has all the machinery set up here to take care of this very situation.

Mr. Hook. Well, now, that is not exactly as far as the Bethlehem is concerned; they can't say that they are only going to take certain sections of that agreement and that they are not going to take the other sections.

The CHAIRMAN. That is a matter for negotiation, isn't it?

Mr. Hook. I might say that in that regard they took the position that they were not favorable to arbitrate the condition of the closed shop with the metal-trades groups. They took the position that as far as that master agreement was concerned it was not a master agreement affecting the Bethlehem Shipbuilding Corporation, that every section of it could be open, including schedule A, which is the wage rate, and they said that that was a matter for them—

The CHAIRMAN (interposing). Well, do you accept these zone standards that were negotiated and signed by all these organizations and by the employers out there on the west coast?

Mr. Hook. Mr. Chairman, I think right there that the—

The CHAIRMAN (interposing). You didn't answer my question. You never have answered the direct questions I have given you. Do you agree with those zone standards?

Mr. Hook. Providing that the other conditions go along with it.

The CHAIRMAN. I don't think that has anything to do with my question. Do you agree with those zone standards, or don't you?

Mr. Hook. Well, that is only part of it, Mr. Chairman. You want me to answer a question yes or no, and I have to answer it the way—

The CHAIRMAN (interposing). You have to qualify it because I don't think you are in any frame of mind to want to reach an agreement. That is the opinion I have come to since we have been questioning you here. You didn't even know about the President's address; you didn't know that every effort is being made to help labor in every way possible by this committee and by everybody else. I have about come to the conclusion now that you don't want to go back to work. Isn't that a fact?

Mr. Hook. That is not a fact.

The CHAIRMAN. It has been said before this committee that you are a Communist. Is that a fact?

Mr. Hook. That is not a fact.

The CHAIRMAN. It has been intimated that you are a Communist, that you are in the employ of a foreign government to stir up this trouble.

Mr. Hook. That is an absolute lie.

The CHAIRMAN. I am glad to hear you say that.

Mr. HOOK. That is an absolute lie.

The CHAIRMAN. I would like to have you show this committee that you are not painted with that sort of brush.

Mr. HOOK. Mr. Chairman, I think right there that my statement should come out with regard to Mr. Rossi's statement.

The CHAIRMAN. All right, proceed. I will let you answer the mayor. It is a good time.

Mr. HOOK. I understand from the records that Mayor Angelo Rossi, of San Francisco, testified regarding the controversy in San Francisco in the shipbuilding industry, and dealt in personalities during his official office as mayor of San Francisco during the 1934 strike.

May I say that I was born in San Francisco September 22, 1896, and my mother and father were also born in the city of San Francisco, and possibly my grandmothers and grandfathers were long in San Francisco before Mayor Rossi was ever born. My grandparents came to that city during the year of 1851. One of my grandfathers was a member of the San Francisco Police Department and died in 1915 with the rank of lieutenant, and, I might say, was responsible for breaking up many of the rackets as well as for eliminating many of the hoodlums and gangsters of this city in the early days, which the record will prove.

I have with me an honorable discharge in the United States Naval Reserve to prove my birth.

During the last war I served in active duty for my country aboard the U. S. S. *Anuvia* and the U. S. S. *Henderson*. I was elected to office as business agent of San Francisco Lodge, No. 68, International Association of Machinists, in 1930, and have continued as their agent ever since.

During the maritime strike in San Francisco in the year 1934, I was called upon to represent the machinists and was a member of the strike committee that was formed at that time. During the trouble there—I have been told that the exact date was July 3, 1934—Governor Merriam, who at that time was Governor of the State of California, was called to the city by Mayor Rossi and requested to declare martial law and bring the militia in to keep peace. This the Governor refused. In his judgment he felt it was not necessary. However, on the morning of July 5, which has since been declared as "Bloody Thursday," the police department of San Francisco did start to run the strikers off the waterfront, and a committee was sent from the strike committee, of which I was one, to Mayor Rossi's office to protest against the treatment that was being dealt out by the officers of the police department. We were told by Mayor Rossi, after he heard our story, "Well, you asked for it, and you are going to get it." He further stated, "If it is blood you want, we will give it to you."

At that point I told the mayor I didn't think that he was a fit official to represent the people, and his answer was, "Some day, young man, I will get you for that statement," and was going to have me ejected from his office. However, the committee saw that nothing could be done, and we left.

Later that day, two brothers were killed who were on strike. The first brother, Brother Sperry, of the Longshoremen's Union and also a member of the American Legion, and Brother Bordoise, who was a

member of the Marine Cooks and Stewards' Union. Both of these unions at that time were affiliated with the American Federation of Labor.

The militia was called to San Francisco immediately after these killings, and I personally think it was a good move on the part of the Governor, for there was no more blood spilt on the streets of San Francisco during the general strike.

About 3 months after the general strike, I called at the office of Mayor Rossi on business of the union. We shook hands at the time, with the understanding that both sides were to forget the past. I have never been in his office or had any communication with him until some time between April 7 and April 28 of this year, during our controversy with our uptown employers. Mayor Rossi rang our office and insisted that he speak with me and offered his services to settle the strike. I thanked him at the time and said that if we needed his services I would be glad to call upon him.

Then, to my surprise, the San Francisco Call Bulletin, under date of Friday, May 23, 1941, came out with a statement on the front page in bold type, "Rossi Denounces Hook," which leads me to believe that the old controversy of the 1934 strike has broken open, although he agreed we would forget our differences. And his statement that some day he was going to get me is paramount in his mind.

In conclusion may I say that during my 10 years as officer of San Francisco Lodge No. 68, International Association of Machinists, that any agreement signed by myself and approved by the members of my lodge has always been lived up to, and that holds good for every agent that preceded me in the 56 years that San Francisco Lodge No. 68, International Association of Machinists, has operated in that town.

His statement about trying to brand me as a Benedict Arnold has about as much foundation as the one as to where I came from and that he would like to send me back. Well, Mr. Mayor Rossi, I was born in San Francisco, and I think that my family tree dates farther back than yours does in San Francisco or in the United States of America.

Now, Mr. Chairman, I have with me my honorable discharge from the United States Navy. If you desire to look at it, there it is.

The CHAIRMAN. I will take it for granted.

Mr. Hook. And I am a good American citizen and never did belong to the Communist Party, and that is all a damnable lie.

The CHAIRMAN. I am glad to hear you say it, and I wanted to give you an opportunity to say it. But when are you going back to work? With all that background you ought to be able to go back to work in the morning.

Mr. Hook. Mr. Chairman, I think it is not as easy to persuade the membership of Lodge 68 as you think I have the power to do.

The CHAIRMAN. I think you could persuade Lodge 68. I think they are as anxious to go back to work as the rest of the good Americans are. Anyway, we want your position on the subject. You have never yet told me that you were willing to go back to work.

Mr. Hook. Mr. Chairman, I am prepared to go back to work on this thing, but as far as my giving any orders, I am unable to do that because the membership of Lodge 68 would tell me that I had no business to give those orders, for the fact that they voted three times on it and have turned it down each time.

The CHAIRMAN. Would you now recommend that they go back to work, with conditions as they are and in view of the President's speech?

Mr. HOOK. I would be glad to give all that information to them and tell them it is the advice of this committee to go back to work.

The CHAIRMAN. I don't want the advice of this committee; I want your advice. I want to know how you feel about it. This committee knows how it feels.

Mr. HOOK. You don't seem to understand the situation.

The CHAIRMAN. I think I understand the situation. I think I understand that you don't want to go back to work.

Mr. HOOK. We do under the conditions that our men desire to, and as far as the Bethlehem Shipbuilding Co.—I have to keep coming back to the Bethlehem Shipbuilding Corporation; they are the only obstacle in the way of this entire thing, and they have taken the position of refusing to sign any part—

The CHAIRMAN (interposing). Aren't they working in five different places in the Bethlehem plants out there on the coast now?

Mr. HOOK. The Bethlehem plant is shut down, and I might say here, Mr. Chairman, right on that, that are the ones that seem to be the goat in this entire thing. I mean by that—

The CHAIRMAN (interposing). Aren't they working in five other plants out there? They are working in five other plants; aren't they?

Mr. HOOK. As far as my side of the bay is concerned, I have just one shipyard. That is the Bethlehem Shipbuilding Corporation. And I have four repair shops. That is all I have. There is an agent from the Oakland side of the bay here in regard to the shipyards on the other side of the bay. But on our side of the bay there is just one shipyard—the Bethlehem—and four repair shops. I have a motion here, Mr. Chairman—

The CHAIRMAN (interposing). Are you working in the repair shops?

Mr. HOOK. No. The repair shops are out as well—the four repair shops and one shipyard.

The CHAIRMAN. The repair shops aren't Bethlehem, are they?

Mr. HOOK. No; they are not; they are the General Engineering Drydock Co., which has a repair shop in San Francisco; the Columbia Machine Works; the United Engineering Co.; and the Matson Navigation Co. I might say right there, Mr. Chairman, that before breaking off the negotiations, the Matson Navigation Co., which is strictly a repair shop—it does nothing but repair their own boats—took the position in negotiations that they would not sign just a repair agreement, that they wanted a new construction rate agreement as well, because while they were not working on new construction at this time, they might later be working on new construction. So the facts are that that plant, the Matson Navigation Co., which does nothing but repair its own boats (they don't even take any other boats in) refused to sign a repair agreement with our lodge. And that question was asked prior to our going on strike there.

I have with me here a motion that was made by the Bay City Metal Trades Council after we had been over to the Bethlehem Shipbuilding Corporation, and they told us that as far as that mas-

ter agreement, which you have before you, is concerned, every part of it could be opened, including schedule A, that they were no party to that, that they had only seen it. They said that they were going to give us a counterproposal the following day. The following day they did give us a counterproposal, and this is the counterproposal that was submitted by the Bethlehem Steel Corporation to the Bay City Metal Trades Council. It says [reading:]

Gentlemen: At our meeting on May 21, you suggested that as some of the provisions of the proposed agreement which you submitted were not satisfactory to us, we should, in turn, make counterproposals. We told you that we would do this, and submit herewith such counterproposals.

At the outset we wish to state that we agree with all of the suggested provisions which are recommended by the Pacific coast stabilization conference in its report dated April 2, 1941, and which have been approved by the Office of Production Management. You will note that the only provisions of this proposed agreement submitted to us by you which we are not willing to agree to are the closed-shop provisions. No such provisions were included in the recommendations of the Pacific coast stabilization conference. We point out that our other suggested changes do not involve matters of substance but are intended as clarifications.

The specified counterproposals which we make to the form of printed agreement which you submitted to us are as follows:

1. Articles 2 and 12 are closed-shop provisions, and we have stated they are not acceptable to us.

2. Article 3 is acceptable, except that it includes foremen, who are not included in the bargaining unit which you represent, and except that the requirements that leading men must be members of your union is a closed-shop provision and as such is not acceptable to us.

3. Article 4. We suggest that the holidays be specifically named, as follows: New Year's Day, Memorial Day, Labor Day, Admission Day, Armistice Day, Christmas Day, and the general election days for Governor and President only.

4. Article 7: We agree with the principles of that article regarding vacations, but not yet have been able to make a factual study to compare it with the plan which we have long had in effect and which we believe is in many respects more liberal than the one you propose. As soon as this study is completed, we will discuss the matter with you and feel sure we can reach an agreement.

5. Article 8: As drawn, this article prohibits all contracts and bonus on piece and cast work. As circumstances in the future may make it desirable from both our standpoints that some such work be permitted, we suggest an addition which would permit such work to be performed if the Bay City Metal Trades Council and ourselves later so agree.

6. The Pacific coast stabilization conference report recommends grievance machinery and arbitration limited to matters within the scope and terms of the agreement, and we shall not change any of its terms. We accept this, but so that there may be no misunderstanding as to the meaning and scope of arbitration as used in articles 17, 18, and 19, we suggest the inclusion of a sentence reading as follows: "Any arbitration under this agreement shall be limited in its interpretations and applications and shall not include any new terms, additions to, or modification of the provisions hereof."

There are numerous provisions in the draft of the agreement which we do not like and which under ordinary circumstances we would not be willing to agree to. However, in view of the national emergency and in order to cooperate to the fullest extent in the resumption of national-defense work, we are not pressing our views on these matters at this time. We further point out that the form of agreement which you submit is between our company and various associations. In our agreement with you the sole bargaining agent is the Bay City Metal Trades Council, and we contemplate that any agreement which we reach will be with it, as agreed to by law.

The Bay City Metal Trades Council, after that meeting and after it got that counterproposal from the employers, Bethlehem, went back into meeting, and the following motion was passed by the Bay

City Metal Trades Council last Friday. That is when I left San Francisco. I left San Francisco Saturday morning, and I did attend this meeting. Here is the motion which was made [reading] :

At the meeting of the negotiating committee that was appointed to negotiate an agreement with the Bethlehem Shipbuilding Corporation, the counterproposal that was offered by the Bethlehem was by motion rejected, and the secretary was instructed to notify the Bethlehem. The Bay City Metal Trades Council negotiating committee are submitting master agreement that was negotiated between the representatives of labor and the shipyards on the Pacific coast and signed by a large majority of them.

Another motion :

By motion, the secretary was instructed to wire Dr. Steelman, Director of Conciliation, at Washington, D. C., and request the services of his department in these negotiations, signed by A. T. Winn, Secretary of the Bay City Metal Trades Council.

I want to say there, Mr. Chairman, that while the machinists have the picket line at the Bethlehem Shipbuilding Corporation in San Francisco, we seem to be the ones that have our necks out on this thing, and we are the ones that are supposed to be responsible for all of the ills of the picket line at the Bethlehem Shipbuilding Corporation. I know, Mr. Chairman, that if the machinists' union would tomorrow take their picket line off at Bethlehem, the Bay City Metal Trades Council would put one up, because the men in that plant would not return to work there until the Bethlehem Shipbuilding Corporation has an agreement with the various unions, and I will have to say again that it is for the very fact that we have been kicked around so many times by that concern that the men this time take the position they do.

The CHAIRMAN. What is the basis of the disagreement between you and Mr. Frey? Mr. Frey represents the Metal Trades Council, doesn't he?

Mr. Hook. Yes, sir.

The CHAIRMAN. And the Metal Trades Council is the negotiating agency that negotiated the contract agreement between the employers and between your union and all the rest of the unions out there. Why is it that Mr. Frey believes that the agreement is fair and that you ought to be at work, and that you believe that you ought not to be at work? What causes that difference of opinion?

Mr. Hook. I will say that as far as Mr. Frey is concerned, he has not sent any men to work in San Francisco.

The CHAIRMAN. No; but Mr. Frey thinks that this strike ought to be called off and that you all ought to go back to work. That is what he says in his telegram.

Mr. Hook. I think Mr. Frey feels the same way about the Bethlehem Shipbuilding Corporation as all the rest of the unions.

The CHAIRMAN. You always come back to the Bethlehem Shipbuilding Corporation and get off the track. You never answer my questions directly about going to work. Mr. Frey says you ought to go back to work; you say you ought not. What causes the difference of opinion? You are both heads of unions. You both believe the same way.

Mr. Hook. That is right.

The CHAIRMAN. I can't get that, and the public can't get it.

Mr. Hook. Well, Mr. Chairman—

The CHAIRMAN (interposing). Frey is the head of your union, isn't he?

Mr. HOOK. I would suggest that Mr. Frey be contacted in regard to the feeling of his membership about the Bethlehem Shipbuilding Corporation.

The CHAIRMAN. Mr. Frey's stand is in the record. He thinks you ought to go back to work.

Mr. HOOK. Not at Bethlehem.

The CHAIRMAN. He didn't say that in his telegram. When are you going back to work at the other plants, if you are just mad at the Bethlehem?

Mr. HOOK. The other four shops are repair shops, and our international takes the position that we are within our rights in insisting that those men get the same conditions as all the other 160 agreements show right here.

The CHAIRMAN. Then you are not going back to work at the other four plants, either. Is that right?

Mr. HOOK. They are only repair shops.

The CHAIRMAN. You are not going back to work there. Answer that question.

Mr. HOOK. I would say not until they comply with the conditions of the uptown.

The CHAIRMAN. You just don't want to go back to work. That is the whole story.

Are there any other questions?

Senator CONNALLY. Yes; I want to ask him one. Now, Mr. Hook, in your motion there that you read of the lodge, they submitted back to the Bethlehem the master agreement. Is that right?

Mr. HOOK. That is right.

Senator CONNALLY. Do you construe that motion there as agreeing to the master agreement if the Bethlehem would agree to it?

Mr. HOOK. Yes; that is the position of the Bay City Metal Trades Council. However, our position is a little different from that.

Senator CONNALLY. I want your position. You are the ones that are striking.

Mr. HOOK. That is right.

Senator CONNALLY. If the Bethlehem will agree to the master agreement, will you go back to work?

Mr. HOOK. Our position on that, Senator, is that as far as the Bethlehem is concerned, they are no better than any of the rest of the employers.

Senator CONNALLY. But you are not dealing with the others. You are dealing with the Bethlehem. Now let's get down to it.

Mr. HOOK. All right, let me answer the question, and I will.

Senator CONNALLY. Well, if you will.

Mr. HOOK. Our organization takes the position that the Bethlehem is no better than any of the rest of the employers in town, that they should sign the same agreement. We are willing to submit our uptown conditions to them the same as all the rest of them.

Senator CONNALLY. I am not talking about the uptown. I am talking about Bethlehem. If Bethlehem signs the master agreement, are you willing to abide by it and go back to work? All right, you won't do that. Isn't the whole inside, the very heart of this situation,

not the \$1.12, not the double overtime instead of time and a half, but the closed shop?

Mr. Hook. No, sir.

Senator CONNALLY. Haven't you laid down the proposition, and isn't it the proposition of your lodge that you won't let a single man go back to work there until the Bethlehem agrees to have the closed shop and let your union be the one that will dictate who works in that plant?

Mr. Hook. That is not exactly right.

Senator CONNALLY. It is darn near right.

Mr. Hook. No, sir. Our position is that we are willing to give them the same conditions.

Senator CONNALLY. I am not talking about the same condition. You keep talking about these other people that throw no strike on at all and have nothing to do with this quarrel. Isn't it a fact that your union takes the position that no matter what the wages, no matter what the overtime, unless the Bethlehem agrees to have a closed shop, you won't go back to work, and the Bethlehem says they won't agree to the closed shop? Isn't that true?

Mr. Hook. That is the position as far as the Bay City Metal Trades Council is concerned.

Senator CONNALLY. What is the position of your lodge?

Mr. Hook. Our position is that our section dealing with the hiring of men is not a closed-shop agreement. We are quite willing to give that same condition to the Bethlehem that we have in our other shops, and I might say, Mr. Senator, that we have, I would say, 98 percent of the men organized at the Bethlehem Shipbuilding Corporation. We have kept it organized, and we are not worrying about the closed shop part of it, not a bit.

Senator CONNALLY. It was testified here yesterday by one of your men, your national president, that one of the main contentions was the closed shop.

Mr. Hook. As I said, yesterday President Brown was on the stand, and he is not familiar with all of the inner workings of Lodge 68, and while I appreciate that he answered the question to the best of his knowledge, and he did state there were 80 percent of the men organized there, as far as the machinists are concerned—that that is putting it very mildly—we are about 98 percent organized there.

Senator CONNALLY. All right. Your organization has been working for the Bethlehem for many years, haven't they?

Mr. Hook. Yes, sir.

Senator CONNALLY. You haven't had a closed shop during that time, have you?

Mr. Hook. We never worried much about that.

Senator CONNALLY. I know. Have you had it or not?

Mr. Hook. No.

Senator CONNALLY. You haven't had it, so your lodge just figured that, "well we have been working for them 20 years and haven't had a closed shop, but now is the time to get the closed shop, because the Government needs these ships."

Mr. Hook. We have never asked for it.

Senator CONNALLY. You are not asking for it now?

Mr. Hook. We are not insistent upon that now.

Senator CONNALLY. Will you go back to work and waive the closed shop demand?

Mr. Hook. Providing that they take the same agreement of our uptown shops, and that is not exactly a closed shop agreement.

Senator CONNALLY. There are no uptown shipbuilding plants. You said that the Bethlehem Shipbuilding plant is the only one in your district.

Mr. Hook. That is right.

Senator CONNALLY. If that is the only one in your district—

Mr. Hook (interposing). That is on strike.

Senator CONNALLY. Why should you insist on their attaching conditions that don't obtain in these other yards at all, because they are not shipbuilding plants? Are you willing to go back to work at \$1.12 an hour and time and a half for overtime and waive the closed shop demand?

Mr. Hook. No, sir.

Senator CONNALLY. You are not?

Mr. Hook. No, sir.

Senator CONNALLY. You are going to stay on strike, then, until you get double time, and until you get \$1.15 an hour, are you?

Mr. Hook. Yes. The position of the Machinists' Union is that they pay the same wages as all the rest, \$1.15 an hour, that the overtime be the same as all the other employers.

Senator CONNALLY. Which is double time. Are you aware that Government officials, the Maritime Commission, and the Navy have said to the Bethlehem and to other shipbuilding plants in that area that they will not stand for double time, that they will not stand for time and a half? Did you know that?

Mr. Hook. I would answer that by saying that we sent telegrams—

Senator CONNALLY (interposing). Do you know that or not? You know whether you know it or not.

Mr. Hook. They have come out in statements; yes.

Senator CONNALLY. How are they going to come out, except through statements?

Mr. Hook. But as I said before, that telegram that was sent to Washington was never answered, and we say that if that had been answered—and we are quite willing, if the Government says such and such is the case—the Machinists' Union would tomorrow go back to work, and that is the story.

Senator HATCH. Hasn't it already said it?

Mr. Hook. Not as yet.

Senator CONNALLY. Well, they said it here in testimony the other day before this committee, that the Government would not stand for double time; they would stand for time and a half. Do you now say that if the representatives of the Government make that statement officially, you will go back to work and waive that demand?

Mr. Hook. I think if the Government calls on Lodge 68 by telling them such and such is the condition, they will have to take the dictates of Uncle Sam.

Senator CONNALLY. That is just exactly what the Government is going to do, and if you fellows don't, we are going to do it some other way. We are not going to let 1,700 men in San Francisco tie up this shipbuilding program.

Mr. HOOK. We haven't got 1,700. On our side of the bay there are 1,131 men.

Senator CONNALLY. All right. We are not going to let 1,131 or 1,132 tie up this shipbuilding plant. The Government officials testified before this committee that in that area they would not stand for double time; they would stand for time and half. Now, will your union, if that demand is made by Government authorities, go back to work at \$1.12 an hour, time and a half, and waive the demand for the closed shop?

Mr. HOOK. Well now, I can't—

Senator CONNALLY (interposing). Will you recommend it to your men?

Mr. HOOK. Yes; I would say that if the President of the United States will tell us that that is the story, that would be all there is to it.

Senator CONNALLY. The President of the United States acts through his subordinates. He has the Maritime Commission and the Secretary of the Navy representing him, and they say so, and they are the cure. The President is not going out to San Francisco and make a social call on each of your members and ask him to go back to work.

Mr. HOOK. We know that.

Senator CONNALLY. But he is apt to make a call through some of his other representatives if you don't go to work, I will tell you that. You still have the picket line out there, haven't you?

Mr. HOOK. Yes.

Senator CONNALLY. In other words, you aren't going to work and you aren't going to let anybody else work if you can help it.

Mr. HOOK. No, sir; we passed a motion—

Senator CONNALLY (interposing). What have you the pickets there for, then?

Mr. HOOK. We passed a motion in our organization.

Senator CONNALLY. That was awfully kind of you, awfully nice of you, to let somebody else work if they wanted to, some other organization than your own. But why have you got the pickets there except to try to coerce and intimidate other people from working?

Mr. HOOK. No, no.

Senator CONNALLY. What is it for, then?

Mr. HOOK. The picket line at the Bethlehem Shipbuilding Corporation is against that concern for the fact that they won't agree to anything.

Senator CONNALLY. All right, it is against them, and you are trying to discourage and intimidate any other organization from going in and working for the Bethlehem, aren't you?

Mr. HOOK. No, sir; we have the picket line to inform them that so far as that concern is concerned, they are not fair to our organization, and it is there for that information.

Senator CONNALLY. Well, now, if they haven't been fair, you have been working for the Bethlehem, you say, for 25 years, and you haven't had the closed shop, and you had agreements with them. You signed them, and I suppose you lived up to them. I don't know whether you did or not.

Mr. HOOK. You bet we did. Everything we ever had with them we lived up to.

Senator CONNALLY. You agreed to it, and you worked for them on conditions and terms to which you agreed during all these years, and you had no closed shop; and now, when you think you have the Government by the neck, you propose to say that "Now is our chance." You keep on talking about the Bethlehem, going back to that. You have this ancient grudge with the Bethlehem about the closed shop, and your little Lodge 68, of 1,131 men, says, "Now is the time, boys. Now is the time to strike. We have the darn Bethlehem in the corner, and we are going to have a closed shop, and we are going to have double time, which we haven't been actually getting. We have had it theoretically, because the double overtime was to penalize overtime so as to spread the work. We haven't been getting much of it. We get more money under this agreement—\$1.12 and time and a half overtime—than we have been getting for the past 25 years, on conditions that we agreed to, and now we are going to make these other demands. If they don't do it, we will tie up the program of the Government, and they won't have a single ship."

That is your attitude, isn't it?

Mr. HOOK. No, sir; it is not.

Senator CONNALLY. That is what I think it is, and I think the country itself thinks that is what it is.

Mr. HOOK. No, sir; that is not right.

Senator CONNALLY. Under what conditions are you going back to work? What has the Government got to do to you to get you to go back to work?

Mr. HOOK. The membership of the lodge want the same conditions as the rest of the town has.

Senator CONNALLY. They want double time.

Mr. HOOK. That the other shops have had.

Senator CONNALLY. And they want \$1.15 an hour.

Mr. HOOK. That is right.

Senator CONNALLY. And you want a closed shop.

Mr. HOOK. We haven't insisted on a closed shop.

Senator CONNALLY. Your national president insisted on a closed shop.

Mr. HOOK. I am saying that as far as our uptown agreement is concerned, there is no mention of a closed shop in it. It is a preference in hiring only.

Senator CONNALLY. Forget the uptown. I am talking about this shipbuilding thing.

Mr. HOOK. That is not a closed-shop agreement that we have uptown. That is the reason that I say that, and we are not insisting on the closed shop, not at all, because we have kept the place organized, and as far as the 1,131 men, Mr. Senator, that is only a portion of our membership. We have a membership of close to, well, I would say it is around 3,800.

Senator CONNALLY. Machinists?

Mr. HOOK. That is machinists, helpers, and apprentices and specialists.

Senator CONNALLY. Only 1,131 of them are striking?

Mr. HOOK. There are 1,131 all told in our organization that are out on strike, out of the thirty-six or thirty-eight hundred.

Senator CONNALLY. What has happened to these other 3,600? Are they at work?

Mr. Hook. They are working in our uptown shops; yes, sir.

Senator CONNALLY. You keep on talking about the uptown. I am talking about Bethlehem. Keep your mind on the subject. So you are not going to go back to work and you aren't going to let your men go back to work until the Government or somebody does what you tell them they have to do.

Mr. Hook. I would say when the lodge itself takes the position of returning to work, why then the agent or anyone else couldn't stop them.

Senator CONNALLY. If you haven't got any authority and don't represent anything, what are you doing here? I thought you were an official of this concern, representing it. You say now you have no power; you have no authority; you can't recommend; you can't tell them; that you have to go back and have a referendum in your local lodge, in secret, by secret ballot.

Mr. Hook. That is right. The membership, as I told you right from the start, are the bosses. We are not the bosses.

Senator CONNALLY. I am afraid the Government is going to take a little secret ballot on your organization, myself, and they will probably do it pretty soon.

The CHAIRMAN. Any questions, Senator?

Senator HATCH. Yes.

You say only 1,100 men are involved in this?

Mr. Hook. We have 1,131 men on strike.

Senator HATCH. How many men are out of work out there?

Mr. Hook. Well, we have always had an unemployed list—

Senator HATCH (interposing). You mean that are not working on account of this strike, all together?

Mr. Hook. Oh, all told, of all the Bay City metal trades unions, you mean?

Senator HATCH. Yes; on this Bethlehem thing.

Mr. Hook. I think they claim that they have about forty-five or forty-six hundred men working there.

Senator HATCH. Is that all?

Mr. Hook. That is what I understand.

Senator HATCH. I mean the number of men in the plant that is shut down. How many men are employed in that plant that is shut down now on account of this strike?

Mr. Hook. I think the Bethlehem says that they have between forty-five and forty-six hundred men on their pay roll. It might be 5,000; I don't know.

Senator HATCH. All right, let's say 4,500. Forty-five hundred men are out of work. What wages do those men draw?

Mr. Hook. What wages do they draw?

Senator HATCH. Yes.

Mr. Hook. That varies from each craft, Mr. Senator.

Senator HATCH. Just make an average.

Mr. Hook. Well, I can speak for my own organization only.

Senator HATCH. All right.

Mr. Hook. I would say an average of around 93 or 94 cents an hour, at an average, counting the lesser skilled.

Senator HATCH. That would be \$7 or \$8 a day, roughly speaking.

Mr. Hook. About that.

Senator HATCH. All right. And the difference in wage is 3 cents an hour for your men. How much would that be a day?

Mr. Hook. Three times eight is twenty-four.

Senator HATCH. Twenty-four cents a day. And how much will that be for 283 men a week? Take out your pencil. Let's do a little figuring and see what you are costing your people out there.

Mr. Hook. It doesn't amount to much as far as the wages are concerned.

Senator HATCH. But this seven or eight dollars a day to 4,500 men does amount to something, doesn't it?

Mr. Hook. Yes; but—

Senator HATCH. Oh, yes, but.

Mr. Hook. Yes; but we are the only ones that, as I said before, have the picket line up, and the others are using our picket line to get their conditions. They wouldn't go back to work if that picket line were taken right off tomorrow.

Senator HATCH. They would go back to work if you went back to work, wouldn't they?

Mr. Hook. No, sir.

Senator HATCH. Why don't you try it?

Mr. Hook. The Bay City Metal Trades Council would not go back into that plant until they have a condition, and they are using our organization as the spearhead to get their conditions.

Senator HATCH. You are the goat, then.

Mr. Hook. We are the goats; exactly.

Senator HATCH. Why don't you quit being the goats?

The CHAIRMAN. Well, I am asking you again, when are you going back to work?

Mr. Hook. I will have to answer it the same way, Senator. I am not the boss of the organization when it comes to the point of telling men that they have to do this or that or the other.

The CHAIRMAN. Then in that case, will you furnish this committee, as we requested you, the names and addresses of those 1,100 men who are out on strike¹ so we can get in touch with them to see how they feel about it? You don't seem to be able to speak for them.

Mr. Hook. We have already sent for that information.

Senator HATCH. I wasn't quite through. How many hours are being wasted in the shipbuilding industry while you are out on strike? I am talking about cost, now.

Mr. Hook. Well, that is quite a lot of money; yes.

Senator HATCH. I am not thinking about money. I am thinking of hours, and the speed, and the emergency in which we are now. What are you costing this country? Did you ever think about that?

Mr. Hook. Yes; I think the organization has weighed all of those things.

Senator HATCH. Did you every think that this delay, in ways, may be costing American lives later on? You don't like bloodshed.

Mr. Hook. We certainly don't.

Senator HATCH. I think it is checked pretty squarely up to your organization. That is what I think. Twenty-four cents a day, getting 12 cents more than you got before, and a quarrel over overtime, which doesn't amount to anything. You are taking and pursuing that course of action. Do you think you are helping the cause of labor?

Mr. Hook. That is what the men of our organization feel.

¹ Subsequently furnished, marked Exhibit No. 84, and on file with the committee.

Senator HATCH. Do you think you are helping yourselves in your fight with the Bethlehem Shipbuilding Co.? Don't you know you are playing right into their hands?

Mr. HOOK. As far as the Bethlehem is concerned, we might, as you say, be playing into their hands.

Senator HATCH. They are trying to break your unions, aren't they? They have been for years.

Mr. HOOK. They have tried that for thirty-odd years; yes, sir.

Senator HATCH. And you are giving them the weapons right now with which to destroy yourselves, aren't you? Go ahead if you want to do that.

The CHAIRMAN. Senator Wallgren?

Senator WALLGREN. No.

Senator CONNALLY. I want to ask one more question. You keep talking about the \$1.12 being out of line with these other repair shops and places uptown that you speak of. That is true, isn't it?

Mr. HOOK. Being out of line, that is right.

Senator CONNALLY. Under this master agreement these zone standards, however, apply to every other shipbuilding plant out there, don't they? These zone standards that they agreed on in this master agreement of \$1.12 an hour, and time and a half instead of double time, apply in other shipyards in that area out there on the Pacific coast.

Mr. HOOK. They have put it into effect, but the men are not working under those conditions. They refused to accept that.

Senator CONNALLY. The point I am making is, if you insist that in the shipbuilding plant, and there is only one of them out there, it has to have the same wages and the same conditions as apply in these repair shops, then you are upsetting the whole apple cart, because under these agreements, as among shipbuilders, the same wages apply—\$1.12 and time and a half. If you jack it up to \$1.15 in your one plant of the Bethlehem, then these other shipbuilding companies and their men will say, "We are entitled to the \$1.15 because you are paying it in the Bethlehem." Isn't that true?

Mr. HOOK. The organizations in the Northwest are taking the position that they are not going to have anything less than \$1.15.

Senator CONNALLY. They are not striking, are they?

Mr. HOOK. We are told that—

Senator CONNALLY (interposing). You are going to get them to strike if you can, aren't you?

Mr. HOOK. The machinists' union in Seattle has already taken the position and informed us to the effect that they would not work for less than \$1.15 an hour. They have told us that themselves.

Senator CONNALLY. Why are they telling you? What were you?

Mr. HOOK. Because they are a sister local of ours.

Senator CONNALLY. You were trying to get them to strike to help you out, weren't you?

Mr. HOOK. No, sir; we were not. They act on their own autonomy, just the same as we do.

The CHAIRMAN. Senator Mead?

Senator MEAD. I noticed in this little booklet entitled "The Master Agreement," Mr. Hook, that you represented Lodge No. 68 on the subcommittee who negotiated the provisions of this agreement.

Mr. HOOK. That is right.

Senator MEAD. You represented Lodge 68, and Lodge 68 is the only lodge of perhaps several hundred lodges covered by this master agreement that is on a strike.

Mr. HOOK. I would say that there are possibly 17 or 18 unions in each of the 5 ports on the coast.

Senator MEAD. At any rate, Lodge 68 of the machinists, represented by you in the formulation of this master agreement, is the only lodge on the Pacific coast that is on a strike now?

Mr. HOOK. That is right.

Senator MEAD. In connection with this industry.

Mr. HOOK. That is right.

Senator MEAD. I presume, as a member of the subcommittee, that you helped to formulate this master agreement by participating in the meetings.

Mr. HOOK. That is right.

Senator MEAD. Having something to say in the discussions, I imagine that you went about your work as conscientiously as you were going about your work here this morning—took it seriously, attended the meetings regularly, and tried to do a constructive job, and I think you indicated your interest in the master agreement when you moved, perhaps without any prompting, that progress be made in that the master agreement be referred to the lodges for their action.

Mr. HOOK. That is right.

Senator MEAD. It was thought, as I understand it, that it would be better for someone representing the employer group to make that motion, so, acting in good faith, anxious to make progress and to have the master agreement adopted, an employer, Mr. Morton perhaps, moved to refer this master agreement for ratification, changing the word "action" to "ratification," which I presume was meant to convey the same meaning.

After you participated as a member of the subcommittee, representing your lodge, and after you worked diligently in the preparation of this master agreement, and after you showed leadership in its progress by moving that it be referred to the lodge for ratification, I may presume the lodge must have leaned very heavily upon you for advice when this came before them. Now, did you give them the same kind of advice that you gave as a member of the subcommittee in the formulation of this agreement, or did you advise them to reject it immediately without further negotiation and go on a strike?

Mr. HOOK. I told them the facts throughout the entire negotiations, and pointed out some of the objections to the agreement which would be very detrimental to the organization from a standpoint of a man working in one shop at the \$1.15 rate, and in the shop across the street he would have the \$1.12 rate. I pointed those things out to them.

Senator MEAD. Could it be assumed that you made a fight against the agreement in pointing those things out?

Mr. HOOK. Well, yes; I would say that I didn't tell them that it was favorable. That is right.

Senator MEAD. So that you didn't make a fight against the agreement as a member of the subcommittee—

Mr. HOOK (interposing). You mean for the agreement.

Senator MEAD. You didn't make a fight against the agreement as a member of the subcommittee in formulating the agreement. In

fact, as I see it, you showed a disposition of friendliness when you moved that it be progressed to the various lodges. Then, according to your information, you made a fight against it in your own lodge. While as a member of the subcommittee formulating the agreement, you indicated a sort of friendly attitude toward it.

Mr. Hook. I would answer that by saying that all through the negotiations, I took the position of fighting the agreement for the reason that there were conditions in that agreement that I don't think are right. However, after the motion was made at the conclusion of it, yes; I went along with that motion for the reason that I felt the longer we would stay in session—

Senator MEAD. (interposing). You didn't go along with the motion. At the end of the negotiations you moved that it be progressed. You evidently took leadership in it. Instead of moving that it be rejected, you moved that it be accepted and passed on to the lodges.

Mr. Hook. That is right.

Senator MEAD. And then, according to your own testimony, you made a fight against it upon its being brought up for discussion in your own lodge, where your lodge members, of necessity, because you were their representative on the subcommittee, leaned heavily on your advice and took your advice. Therefore, your advice brought on the strike, for the reason that they couldn't go to anyone else for advice but you. You were the only man of 68 inside the council room when this agreement was developed.

Realizing your position, and because of what you said this morning, you indicated that if the President wanted you to go back to work, you would go back to work. You indicated that if the Government took a position with reference to double time instead of time and a half, you would accede to your Government's wishes. Now, with reference to the double time, in which every other organization out there has at least accepted to the point of refusing to strike against it, the Government has asked you, through the President, the Navy, and the Maritime Commission to build these ships for our defense on a time-and-a-half basis rather than a double-time basis. The Government pointed it out by explaining to you that it would cost millions and millions of dollars if computed on a double-time basis.

You wanted to know the Government's position, so I am telling it to you, and I think you can have that verified in the committee record or in the attitude of the Maritime Commission or in the statement of the Navy.

You said that you would arbitrate if it was the President's wish, and you made some suggestion about a telegram you sent to the President. Now here is what the President said in answer to that telegram [reading from the President's speech]:

A Nation-wide machinery for conciliation and mediation of industrial disputes has been set up.

Here is your specific answer from the President:

That machinery must be used promptly.

There is the President's answer.

The master agreement is evidently acceptable to the Government, on the testimony of Admiral Land and others before this committee. So in order to expedite you in your efforts to bring about a settlement of this strike, I am telling you the Government's position.

The Bethlehem's position is this: They tell the committee that they will accept, in toto, this master agreement, the zoning standards of the master agreement, and in the letter which you read they go on to say:

At the outset we wish to state that we agree with all of the suggested provisions which were recommended by the Pacific Coast Stabilization Conference in its report dated April 2—

and so on—

which have been approved by the Office of Production Management.

You will note that the only provisions submitted to us by you which we are not willing to agree to are the closed-shop provisions. No such provisions were included in the recommendations of the Pacific Coast Stabilization Conference.

In view of the fact that Bethlehem have told the committee that they will accept all these other provisions, and in view of the fact that they said they would accept all of the Government provisions, and in view of the fact that they said they would reject the closed-shop provision—but you said that isn't vitally important; you would forego that—therefore, it occurs to me that you can get together even with Bethlehem. You certainly can arbitrate with the Government, because according to your testimony you are just waiting for the Government to tell you where they stand, and I am telling you, according to the record and according to the President's speech, where the Government stands.

If that is true, if the closed shop—according to you, rather than according to the information of your President, for whom I have the highest regard—is not holding up the return of the men to work, I can see where you very willingly should recommend arbitration in this particular strike. You ought to go back to those men with the President's message firmly in mind, and with the report given to you by this committee of the willingness of Bethlehem to accede to every request made by the Government and ask for arbitration.

So it occurs to me that you ought to recommend, just as you recommended action that led to the strike, arbitration, and the immediate return to work. I believe you would be doing your own lodge a great benefit; I believe you would be doing your own reputation a great good; and I think you would do immeasurably fine work for the American labor movement.

Now, what are you going to do about it, in view of the fact that the President has spoken, and in view of the fact that you now know that Bethlehem, according to evidence given this committee, will accede to every wish of the Government except the closed shop, and that isn't paramount in your judgment. What will you do about it?

Mr. Hook. Well, Mr. Senator, the Bethlehem Shipbuilding Corporation have taken the position that as far as the master agreement is concerned, they won't even go along with that. They say they will take the zone standard only. That is what they say.

Senator MEAD. Here is the Bethlehem Shipbuilding Co.'s letter to us, in which they say that they will accede to every wish of the Government, that they will arbitrate any other condition except one, the closed shop. In view of the fact that they will arbitrate everything else, and that the closed shop isn't so all-important, according to your own testimony, why don't you arbitrate?

Mr. Hook. Well, the point is—

Senator MEAL (interposing). They will arbitrate everything else, so they say.

Mr. HOOK. Anything but certain things, and that is one of them.

Senator MEAD. No; there are no certain things. They will arbitrate anything in the master agreement. Why won't you do that? Why won't you now announce that "I will recommend arbitration of anything in this agreement or anything suggested by the Government"?

Mr. HOOK. Mr. Senator, the Bethlehem—

Senator MEAD (interposing). The Government, you know, has spoken on the zoning agreement, also.

Mr. HOOK. Was that the zone agreement only?

Senator MEAD. That arbitration would be on all these other questions that I mentioned, other than the closed shop.

Mr. HOOK. I don't quite get you there on that.

Senator MEAD. The Government has spoken on the zoning provisions, and we find in that the agreement to negotiate and to arbitrate on anything except the closed-shop proposal. The Bethlehem Steel has likewise spoken, and they are ready to negotiate on anything except the closed shop. You have spoken, and you said the closed shop isn't so important.

Mr. HOOK. I said that it was not paramount.

Senator MEAD. In view of the fact that Bethlehem will negotiate on everything else, and in view of the fact that the Government has laid down these stipulations which you are very anxious to know about, why won't you negotiate? Why won't you agree to arbitrate on all these provisions that you are in difficulties on with the exception of the closed shop? That would be the overtime provision and various other provisions that you seem to be at loggerheads on. If the Bethlehem is willing to arbitrate, if the Government asks that you arbitrate, and you say you are willing to accept the Government's advice, which delimits the arbitration provisions, then why are you not willing to arbitrate, as long as you say the closed shop isn't stopping you from arbitrating?

Mr. HOOK. Well, I would answer that by saying that as far as the master agreement is concerned, the other shipyards have got that master agreement into effect, and they have gone along with that closed-shop agreement. Why is the Bethlehem always getting the exceptions?

Senator MEAD. But you said the closed shop wasn't the important matter in this controversy.

Mr. HOOK. I said it was not paramount in our particular issue.

Senator MEAD. But as far as the other organizations are concerned, they take that position, and now you think, or some people believe, that the Bethlehem should have an exception as against other shipyards. I don't think that is right.

The CHAIRMAN. What we want is ships. This Government wants ships, and you are standing in the way. We are trying to get you out of the way by every way that is possible. That is all we have got; that is the only interest we have in the thing. We want ships.

Senator MEAD. I would like at least to get this matter referred to arbitration. You said you wanted to know the Government's position, and the Government's position has been made known to you. The Bethlehem's position has been made known to you. And between the

two positions there is a very rational reason that the whole thing could be settled by arbitration. In view of the fact that nothing should act as a stumbling block, I don't know why you don't refer it to arbitration. If double time is the stumbling block, you are willing to give in to the Government's attitude. If the closed shop is the stumbling block, that isn't paramount in your judgment, so you say. So, in view of the fact that Bethlehem is willing to arbitrate, in view of the fact that the closed shop isn't stopping you from arbitrating, and in view of the fact that the Government's wishes are your wishes, so you say, why can't you arbitrate?

You could go back to work now and submit these questions to arbitration within the limitations of the Government's position, and everything else would work out reasonably and logically. You could agree now to call the strike off, so far as you are concerned, refer the controversial matters to arbitration within the qualifications laid down by the Government. If Bethlehem is willing to accede to the attitude of the Government, why are you refusing to do so? Why can't you arbitrate?

Mr. Hook. Well, I would have to answer that, Senator, by saying that anything like that would be entirely up to the membership of Lodge 68. I have not that power.

Senator MEAD. I thought right along that perhaps the closed shop was really holding this whole thing up. But you say it isn't—and I am only taking your word for it—and in view of the fact that this double-time proposal and this wage proposal have already been acted upon by the Government, and you are willing, eager, enthusiastically willing to accede to the Government's wishes, then there are your three problems—wages, double time, and the closed shop. Your testimony this morning indicates that you are willing to forego the closed-shop proposal and you are willing to accept the Government's suggestion. In view of the fact that that meets squarely with the recommendations made to the committee by Bethlehem, why can't you recommend that the controversial questions be subject to arbitration?

Mr. Hook. I would answer that this way, that as far as the other organizations are concerned, their position is, with the Bethlehem Shipbuilding Corporation, that that agreement be signed in toto; that means the master agreement and not the zone agreement. That is their position. Our position is that as far as the agreement is concerned, we are not so paramount on the matter of a closed shop. We say that if they sign our uptown set-up on the conditions of hiring men, we are agreeable to that. Our controversy is with the wages and the overtime. That is the only thing there.

Senator MEAD. Well, in view of the fact that you represented 68 and in view of the fact that you helped formulate the master agreement, and in view of the fact that they leaned heavily on your advice and as a result of that advice went out on a strike, and in view of your own admissions to the committee, I am giving you an opportunity to show a leadership that will be helpful to labor, helpful to the friends of labor, and helpful to the country in this critical crisis. If double time, if the master agreement, if the wage scale, can be agreed upon by arbitration, if they will be acceptable to the Bethlehem, if you are not going to insist upon the closed shop, if the President says that we must arbitrate, and if that is all that you want

to know, it seems to me that you could go right out there with that same leadership that evidently pulled 68 out, and bring about the arbitration of these difficulties; at least make a real effort to settle them without tying up the defense program.

Now, in view of the fact that there are many, many craftsmen all over the Pacific coast that didn't even vote to strike, that didn't even request arbitration, it occurs to me that you at least, under the information you carry home with you, could ask for arbitration rather than to insist upon continuing this strike.

Mr. Hook. I am not insisting on continuing this strike. The membership of the organization——

Senator MEAD. But you are the leader.

Mr. Hook. Has taken this position. I appreciate that I am the business agent of the organization, but as I said before, I haven't got the authority of calling a strike nor I haven't the authority to call it off until such time as the membership say so. I haven't got that authority, and nobody else has.

Senator MEAD. Bethlehem Steel came before us and said they would take this master agreement in toto.

Mr. Hook. No; they said they would take the zoning standardization.

Senator MEAD. Well, I get them mixed up occasionally.

Mr. Hook. That is the one stumbling block as far as the Bay City Metal Trades Council is concerned.

Senator MEAD. Everything else they are willing to arbitrate?

Mr. Hook. With the exception of the closed shop.

Senator MEAD. And you say that isn't going to hold you up?

Mr. Hook. I say that is not the paramount issue.

Senator MEAD. That's right. You weren't excited about that.

Mr. Hook. I say that our agreement with our other 160 concerns, as far as the hiring of men, we could put that into effect there and it would be just as acceptable to Lodge 68 as the mechanics that are put in that master agreement for hiring men.

Senator MEAD. You made it clear, though, that you wanted to abide by the wishes of your Government in this emergency. Your President has spoken. Here are his words: "The executive department has made their position clear with reference to working conditions and wages." The Bethlehem have made their position. You have made your position clear here this morning, and there isn't any real reason under the sun why this strike should continue. You should refer this to arbitration. You ought to lead in the fight to try arbitration first. You ought to do that as a member of the machinists' organization. You ought to do that as a member of organized labor. You ought to tell this committee that you are willing to do that, to bring about the arbitration of these difficulties.

Mr. Hook. As far as telling the men that they have to do this or that——

Senator MEAD. You don't have to tell them they have to do it. Use the same convincing style of oratory that you used when you reported to them after your work as a member of the subcommittee in drawing up this master agreement. You evidently were very effective as a member of the subcommittee in the formulation of this agreement, and you were doubly effective in the councils of your organization

in bringing about its rejection. I am convinced that if you want to use that same persuasive ability, with the information you now have, the attitude of the President, the Government, and the Bethlehem Steel, you can go back there and change the strike status to a status of arbitration. I am sure you can do that.

Mr. Hook. I am quite willing to put it up to the membership.

Senator MEAD. Will you try?

Mr. Hook. I will put the suggestion of this committee up to the membership, about arbitration; yes, sir. I will put that up to them.

Senator MEAD. As a good friend of labor, I hope you do. I am speaking as a good friend of labor. I would like to see this strike called off at once. It should be submitted to arbitration first.

Senator CONNALLY. Let me ask you this question, Mr. Hook. You realize, don't you, that but for the Government's shipbuilding program these men wouldn't have any work out there at all, would they, in the Bethlehem plant?

Mr. Hook. Yes; and I will answer that by saying that they kept our men walking the streets for many, many years. That's right.

Senator CONNALLY. Maybe they didn't have any work. I don't suppose they did. I am not defending the Bethlehem. I don't care a "durn" about the Bethlehem, but the fact of the matter is, if the Government shipbuilding program wasn't on, Bethlehem wouldn't have these contracts and your men wouldn't have jobs, yet when we want you to go on and work and give you the jobs, you lie down like an old balky horse and say, "No, I won't budge until you raise my pay, double my overtime, and close the shop."

Mr. Hook. That is not a fact. As far as the Bethlehem is concerned, they have made our men walk the streets plenty around San Francisco.

Senator CONNALLY. You are going back to that old grudge. I am talking about today.

Mr. Hook. I am talking about it today.

Senator CONNALLY. You realize, don't you, that but for this shipbuilding program of the Government, these plants wouldn't be busy and your men wouldn't have these jobs, would they?

Mr. Hook. I said, as far as the shipbuilding program is concerned, the Bethlehem Shipbuilding Corporation wouldn't have anything on the Pacific coast at all, possibly, if they could do it in their other shops on the east coast. That is quite true.

Senator CONNALLY. That may be, and the attitude of your union is probably one of the causes of that.

Mr. Hook. No; I don't think so. I don't think that is a fact.

Senator CONNALLY. You are willing to cut the Government's nose off to spite the Bethlehem. Isn't that your attitude?

Mr. Hook. No, sir; that is not the idea or the facts at all.

Mr. FULTON. With respect to those 1,131 men, are they the ones who voted, or did you take a vote of the entire union?

Mr. Hook. We separated the ballots of the membership by voting the marine group and the uptown group.

Mr. FULTON. So that the 1,131 voted separately?

Mr. Hook. What's that?

Mr. FULTON. So that the 1,131 voted separately?

Mr. Hook. That's right; oh, yes.

Mr. FULTON. And, as I understood Senator Mead's proposal, it was for you to go back to those 1,131, and you yourself urge the acceptance of his proposal. Is that what you intend to do?

Mr. Hook. I intend to go back, as suggested—that we go into arbitration on the matter.

Mr. FULTON. And what will be your recommendation on that?

Mr. Hook. Well, I will inform them of just what happened here in regard to the position of the committee, and the necessity as it has been stated here that the President has said these things. But I can't tell a man that he has to do a certain thing, or can't do a certain thing.

The CHAIRMAN. We are not asking you to say the man has got to do it. We want you to put the facts up to him, just as you would put them up to them if you were trying to bring the strike about.

Mr. Hook. We have always put the facts up to our membership, both the agents of this lodge, regardless of where the chips may fall.

Mr. FULTON. My question was: What will be your recommendation on it?

Mr. Hook. What will be my recommendation on it?

Mr. FULTON. On whether they will adopt or should adopt the proposition of Senator Mead.

Mr. Hook. Well, I would have to tell them just what the story is here.

Mr. FULTON. The question I asked is not that. What would be your recommendation?

Mr. Hook. My recommendation would be, if the President of the United States says those things, then I would tell them that that is the orders from the President of these United States.

Mr. FULTON. Your recommendation, then, will be that they adopt the proposal as outlined by Senator Mead?

Mr. Hook. Naturally, with that statement of the President. There is nothing else we could do about it.

Senator MEAD. If I may interject, in fairness to you, Mr. Hook, the committee should furnish you with the position taken by the Government on these several controversial points at issue—double time, and the closed shop as it pertains to this agreement, and so on. The committee ought to furnish you with a copy of the President's speech, and it ought to be emphasized, that portion of it in which he says you must refer these matters to arbitration.

The CHAIRMAN. I imagine that speech was published in San Francisco as well as here, Jim.

Senator MEAD. I think we ought to take it upon ourselves to furnish you with the position of the Government as contained in our records concerning these very controversial issues.

The CHAIRMAN. We will do that, Jim.

Senator MEAD. We ought to furnish you with the position taken by the Bethlehem Steel Co. as found in our records, and then you ought to add to that collection before you go back to report to your members an official copy of the President's speech. And it occurs to me that you will find ample room in that picture to settle this controversy by arbitration. I would like to have the committee furnish Mr. Hook with that information.

The CHAIRMAN. The committee will do that.

Mr. FULTON. This is a copy of the President's speech, which we will give you now, so that you may read it.

One other question I had: Have you the names and addresses now of the 1,131 men that I asked you for on Monday?¹

Mr. Hook. Have I them with me now?

Mr. FULTON. Yes.

Mr. Hook. No. We sent the telegram that Mr. Clark² had suggested that we send. We sent that last night.

Mr. FULTON. But what did you do on Monday when I asked you for it?

Mr. Hook. Monday?

Mr. FULTON. Yes. In my telephone conversation with you I asked you then to send me as soon as you could, if not all, at least as many as you could.

Mr. Hook. I didn't do anything on that until yesterday, when Mr. Clark said if we didn't send them you were going to subpoena the officers of our organization; and with that understanding, rather than have anyone subpoenaed, I have sent for it, and they are now compiling that.

Mr. FULTON. Have they confirmed that they will furnish it?

Mr. Hook. Yes.

Mr. FULTON. Because, as I asked you, you took the position that you didn't have the authority to furnish it.

Mr. Hook. Yes; that's right.

Mr. FULTON. But it will be furnished?

Mr. Hook. It is in the process of being made up now.

Mr. FULTON. And part will be mailed tonight; is that correct? Will part of the list be mailed tonight to the committee?

Mr. Hook. I don't know that.

Mr. FULTON. I asked you on Monday if you would send as many of them as you could Monday and the balance as soon as you could.

Mr. Hook. I didn't understand you that way, Mr. Fulton.

Mr. FULTON. I thought I was explicit.

Mr. Hook. And I told Mr. Clark this morning, or suggested that he could get that same list from the employers, and we gave him the names of all the shops and figured that possibly they could help us out a little quicker than us going over our 4,000 men. However, both lists will be coming in, I understand.

Mr. FULTON. And you will send part today and the balance as soon as possible?

Mr. Hook. I didn't understand that part. I thought you wanted the entire thing made up before sending it.

Mr. FULTON. But you will do that?

Mr. Hook. That is in the process of being done now.

Senator MEAD. Mr. Hook, I just want to say in conclusion that I hope that you are successful in your efforts to have this matter referred to arbitration, and I want to say to you that I know that Bethlehem has been a very tough taskmaster, and that I am in hopes that Bethlehem will see the light before long and welcome an opportunity to do business with the representatives of the various unions that represent their employees. We wouldn't have any trouble at all if several years ago Bethlehem accepted the tenets of the Wagner Act.

¹ Subsequently submitted, entered in the record as Exhibit No. 84, and on file with the committee.

² Charles P. Clark, associate chief counsel.

Mr. Hook. That's right.

Senator MEAD. I can realize your difficulties, but I am putting you, I believe, in a stronger position in your efforts to make progress by recommending arbitration first in this instance. It will be helpful to labor generally.

Senator WALLGREN. You are not in a position to make that kind of recommendation, are you, Mr. Hook?

Mr. Hook. No; I am not.

Senator WALLGREN. All you can do is tell your men just exactly what this committee has desired, what they want, what the President's attitude has been.

Then there is one other point. The people out there on the Pacific coast are not as concerned or disturbed about this war as they are back here, are they?

Mr. Hook. I guess not.

Senator WALLGREN. Haven't you found since you have come back here that the people on this coast are rather excited about this thing, while we on the west coast are not anywhere near as concerned, and the people engaged in your industry out there possibly don't realize that this situation is as serious as the President pointed out to us last night? Don't you think the President's message would carry considerable weight out on the Pacific coast?

Mr. Hook. Well, from what was read off to me there, I suppose it would, but we don't know all the inner workings of the war situation as possibly you people right here do. We understand that and you well understand that, I guess.

Senator WALLGREN. I might say to the committee that over a period of weeks now, when people come from the Pacific coast to my office, they have all expressed considerable concern that there is so much excitement back here over this war. But we out there, I know, don't feel anywhere nearly as close to it, and I just hope those people out there become aware of the seriousness of this thing and awaken.

Senator CONNALLY. If Japan gets fresh they will be concerned about it.

Senator WALLGREN. They are far more concerned about Japan on this coast than on the west coast.

Senator CONNALLY. Japan is hooked up with the Axis.

Mr. Hook, let me ask you another question. You say you can't recommend that they go back to work.

Mr. Hook. That I can't what?

Senator CONNALLY. Recommend that they go back to work.

Mr. Hook. I have not that authority; no.

Senator CONNALLY. You recommended that they go out on strike, didn't you?

Mr. Hook. No, sir; I did not.

Senator CONNALLY. You did not?

Mr. Hook. No, sir.

Senator CONNALLY. You can't recommend anything and you are business agent of the union?

Mr. Hook. I can; but I did not.

Senator CONNALLY. Well, you can. If you can recommend that they go out on strike, why can't you recommend that they quit striking?

Mr. Hook. I am one member of the organization, and I have as much right on the floor as any other individual.

Senator CONNALLY. Exactly; yes.

Mr. HOOK. That's right.

Senator CONNALLY. Sure you have.

Mr. HOOK. And I have just one vote in the organization.

Senator CONNALLY. You are not correct in the statement that you can't recommend it? You are the business agent, and you are supposed to perform some sort of functions for the union, I suppose, in order to earn your pay.

Mr. HOOK. That's right.

Senator CONNALLY. Well, now, doesn't that include recommending to the union policies in matters of its conduct? What are you paid for, if you are not paid to advise them?

Mr. HOOK. I am paid to advise them; yes; that is quite true.

Senator CONNALLY. Yes.

Mr. HOOK. And I am paid to carry out the working of the organization.

Senator CONNALLY. All right; you are paid to advise them. So now when you go back out there, if you are paid to advise them, Senator Mead made these suggestions and the President makes them in his speech there, that we have set up—Congress has set up—a lot of agencies in behalf of labor, to mediate and conciliate and to pat on the back and to rub labor down every night. We have all these agencies and the President says you ought to go on and settle your quarrels through these agencies without stopping work. Why can't you go back and advise your union? You are paid to advise them. Why can't you go back and recommend to your union that it follow some plan like that? Isn't that right? Why can't you?

Mr. HOOK. I can tell them; yes—

Senator CONNALLY. Tell them what?

Mr. HOOK. Tell them just what has been said here today.

Senator CONNALLY. Why can't you recommend it? You said you were paid to recommend to the union the things you thought were for the good of that union. If you are paid to recommend things, why can't you recommend that?

Mr. HOOK. Possibly they would say, "We need a new business agent."

Senator CONNALLY. Oh, you are afraid you will lose your job as business agent. You just said that possibly they would say, "We need a new business agent."

Mr. HOOK. I am not fearful of that at all. Maybe I would be better off working.

Senator CONNALLY. I think the union would be better off if you were working.

Mr. HOOK. Possibly.

Senator CONNALLY. Why can't you recommend that? I want to know whether you can or not. Can you or not?

Mr. HOOK. I am going to give them the story just as it was given to you. That would be my answer to that question.

Senator CONNALLY. You are going to report back to them without recommendation, like sometimes the committee does, reports a bill without recommendation. Is that your attitude? You are going back out there and say "These durned old Senators out there had this scheme in mind. This is what they did up there. You can take

it or leave it, as you like." Is that what you are going to tell them?

Mr. Hook. No, sir.

Senator MEAD. Mr. Chairman, I don't agree with my distinguished colleague from Texas. I think Mr. Hook is going out there and he is going to lay before these boys the attitude of the Navy, the O. P. M., and the Maritime Commission with reference to these points at issue—and you are going to suggest to them the method of arbitration as laid down by the President of the United States, and I think as a good citizen you are going to recommend that they refer all these questions at issue to arbitration. You carry with you my faith in your persuasion. I think that you have an excellent opportunity to prove to your critics, including Mayor Rossi and all the rest of them, that you are an exemplary American. You have an honorable means by which to do it. We will furnish you with the attitude of the Government on these questions at issue, and you will, I am sure, recommend arbitration.

The CHAIRMAN. That is all, Mr. Hook. I hope you will go back and tell your people to go to work. That is what I am interested in.

Mr. SMITH. James P. Smith.

Mr. Smith, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMITH. I do.

**TESTIMONY OF JAMES P. SMITH, BUSINESS AGENT, LOCAL 1304,
STEEL WORKERS ORGANIZING COMMITTEE, OAKLAND, CALIF.**

The CHAIRMAN. Mr. Smith, will you state your name and your connections for the benefit of the reporter?

Mr. SMITH. James P. Smith, business agent, local 1304, S. W. O. C., Oakland, Calif.

The CHAIRMAN. Your organization is on strike, too, isn't it, Mr. Smith?

Mr. SMITH. That's right.

The CHAIRMAN. You have heard the conversation of this committee with Mr. Hook?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Did you hear the President's message last night?

Mr. SMITH. I didn't hear the message last night. I have heard plenty of it here this morning.

The CHAIRMAN. You have heard me read it to Mr. Hook?

Mr. SMITH. Yes, sir.

The CHAIRMAN. In view of that situation, and in view of the general emergency, are you willing to recommend to your organization that they go back to work?

Mr. SMITH. Well, Mr. Chairman, we have a little different case here, and I was demanded by this committee to go back to Washington and present our side of the story pertaining to that strike.

The CHAIRMAN. That is what you are here for.

Mr. SMITH. It is my desire to do that, inasmuch as we have been blasted as outlaws and several other things, in an outlaw strike, by previous witnesses, and it is my understanding also that the committee wanted to ascertain the facts surrounding this case, and I am quite confident that is exactly what they brought us here for, the strike on

our side of the Bay. I am going to make it as brief as possible, but I would like, with your permission, to have certain documents entered into the record. I have condensed them so they won't take up too much time. It is not my desire to prolong the hearing, so with your permission—

The CHAIRMAN. We hope very much that you will go back and put them to work. That is what we are interested in.

Mr. SMITH. It wasn't our fault that they were brought out in the first place.

The CHAIRMAN. It is never anybody's fault in particular.

Mr. SMITH. I think the committee is inclined to be fair on this—

The CHAIRMAN. Proceed.

Mr. SMITH. It is my opinion the committee is inclined to be fair on this, and I am requesting that they give consideration to the few facts here that I have to present. May I proceed with that?

The CHAIRMAN. Proceed.

POSITION OF LOCAL 1304, STEEL WORKERS ORGANIZING COMMITTEE IN WEST COAST SHIPEUILDING STRIKE

Mr. SMITH. In opening the presentation of the facts surrounding the San Francisco-Oakland shipyard strike I want to make one point clear. That is the accusation that the members of Machinists' Local 1304 of the S. W. O. C. are on an outlaw strike. The S. W. O. C., of which Mr. Philip Murray is chairman, has granted full strike sanction with full support of the national organization to bring this strike to a successful conclusion. No other C. I. O. union is privileged to speak for S. W. O. C. As for the stabilization committee meetings in the Whitcomb Hotel in San Francisco, the S. W. O. C. nationally nor locally was ever notified to be present; was never informed of the proceeding or ever invited to attend the negotiations.

I at this time wish to quote Mr. Philip Murray, with whom I was in conference Monday morning. Mr. Murray authorized me to quote him as saying that this strike has the full sanction, the full backing, not only of the S. W. O. C. nationally but the C. I. O. nationally as well, irrespective of what Mr. John Green testified to yesterday. That also goes for Mr. Van A. Bittner, our regional director from Chicago west, and Mr. James Thimmes, the State director in California. So bear in mind the fact that we are not out on an outlaw strike, and we have the absolute backing of the national C. I. O. organization.

On the other hand, the Moore Dry Dock Co. and the General Engineering Co., with whom we have had contractual relations for the past 5 years, definitely informed the coordinating committee and all others present on the opening of the conference that the coordinating committee was negotiating for all metal trades unions except the East Bay machinists, with whom they would have to negotiate a separate agreement. This has never been done. That matter was in the minutes of the meeting.

We therefore feel that Local 1304, S. W. O. C., is just exercising our constitutional right as provided for by the laws of the land in demanding a contract preserving the conditions we have enjoyed for the past 5 years and requesting an adjustment of wages to conform to

the wages that have been established in the majority of the shops in the San Francisco Bay area.

The CHAIRMAN. How many members has your union?

Mr. SMITH. About 2,000.

The CHAIRMAN. How many are on strike?

Mr. SMITH. About 500.

The CHAIRMAN. The total number on strike is 500?

Mr. SMITH. Approximately 500. I haven't the exact figures on it.

Now, leading up to our attempt to gain negotiations at the expiration of our 1940 contract, which expired on March 31, 1941, which was one of the yearly contracts we have had with the employers since 1938, we notified the Dry Dock Association and all of their affiliated companies on February 26 of the following letter [reading]:

By action of the membership of the East Bay Union of Machinists the undersigned has been instructed to advise the Pacific Coast Dry Dock Association and its affiliated companies with whom we have contractual relations that we desire to revise and amend our existing agreement which expires on March 31, 1941.

Please accept this as official notice in accordance with section 19 of present agreement.

We will submit to you for your consideration a revised proposal for the purpose of opening negotiations.

With best wishes I remain,

Respectfully yours,

EAST BAY UNION OF MACHINISTS,
By JAMES P. SMITH,
Business Agent.

We had no reply to that, Senator, at all.

On March 17, 1941, as per the letter on the 28th, we said [reading]:

As per our letter of February 28, 1941, please find enclosed copy of the revised agreement for your consideration and request a date be set at the earliest possible time for negotiations.

Respectfully yours,

EAST BAY UNION OF MACHINISTS,
By JAMES P. SMITH.

The agreement was enclosed with this letter, and still no reply.

At that time we held a meeting of the membership in the shipyards and the shipyards alone. We took a secret ballot to ascertain as to what they wanted to do in view of the fact that the employers had not set down in negotiations, and that vote was taken and it was 223 to strike and 24 to stay on the job.

At that time we wired our international for strike sanction. I will read the following telegram:

PHILIP MURRAY,

1500 Commonwealth Building, Pittsburgh, Pa.

Membership Machinists Local 1304 tonight voted 95 percent majority to strike Oakland area shipyards. Owners have for 5 weeks refused to negotiate new contracts for 1941. Present contracts expire March 31, 1941. Five hundred members involved. Urge you wire strike sanction. All means have been used to prevent strike but met with flat refusal to negotiate. Request reply by wire. Further details by airmail.

JAMES P. SMITH.

On April 3 the following telegram was received:

Reference your telegram March 29. International organization hereby grants authority requested concerning strike.

DAVID J. McDONALD, *Secretary-Treasurer.*

We held the strike in abeyance at the request of the employers, orally over the phone, because of the fiasco going on at the Whitcomb Hotel. We tried several times to get negotiations and were requested, each and every time, to hold that off. When strike action was imminent, the Moore Dry Dock Co. finally, on April 30, after about 32 days, decided to give us a reply to all of our requests to enter into negotiations.

EAST BAY MACHINISTS UNION, LODGE No. 1304.

(Attention Mr. James P. Smith, business agent)

GENTLEMEN: In reply to your letters of February 28, 1941, and March 17, 1941, and confirming conversations of various dates, it is our intention to meet with representatives of your organization at the earliest possible date for the purpose of negotiating a renewal of our agreement.

We believe that this meeting can be arranged immediately upon the return of our spokesman, Mr. Frank Fox, from Seattle. Mr. Fox is expected to return the latter part of this week.

Please be advised that any increases agreed upon will be retroactive to and including April 1, 1941—

practically meaning that they were prepared to go down the line at the present, on any increases pertaining to wages that would be granted by the company.

Upon the return of Mr. Fox from Seattle there was a conference granted on May 5. After some 2 hours of discussion with the employers as a group, they stated that they would give us an answer tomorrow morning in reference to our contract as submitted to them. The following morning, at 10 o'clock, we came in and were there about 15 minutes, and the answer was, "No." They said, "The master agreement is here, it has been signed by the organizations up and down the Pacific coast, and this is the agreement you are going to have to work under," practically meaning, "You will take it and like it."

The only thing we are asking from the employers on our side of the bay is that they abide by the laws of the land and sit down and renew the contracts that we have had in the past, and apply the conditions that have already been established.

We also want to bring out to the committee that the double-time feature, which has been stressed here so greatly, was established on the picket lines in 1936 and 1937 by 5½ months of strike, and it was a hard bitter pill to get over, and the boys out there feel a little resentment about having it taken away from them.

Those are some of the conditions that we are confronted with out there, and the only thing we are asking for is the right granted us by law to sit down and negotiate an agreement with our employers.

Subsequent to the strike, I want to bring out these points to you, that our picket line was moved from the tracks where it usually is, down in front of the shipyards, in order to open up a new construction job that the Navy has contracted at the Moore Dry Dock Co., for a yard there to build seven slips, to build new construction for the Navy. Had we maintained our picket line in the usual place, where we had it in the other two strikes, that new construction would have definitely been tied up by 50 percent of the building trades mechanics. It is not our intention to impede the progress of defense program in any shape or form.

We demonstrated that when we permitted the building trades mechanics to go down there, to go to work on that yard. After the

picket line was established, it is true the plants were definitely tied down. Then the hue and cry went up from John P. Frey, and on Wednesday morning, the following Wednesday morning, Mr. Frey proceeded with his strike-breaking tactics down there on Moore's picket line, and I want to assure this Senate committee here that our organization is on record that there will be no violence on that picket line by either our members or agitators or outsiders from the other side. We set up patrolmen from our own groups with instructions to those men that anyone attempting to create violence, that those men will immediately be removed from the picket lines, because of the fact that any other worker is privileged to go through the picket line, that is his right, and we will not prevent it.

And I imagine it was quite a disappointment to Mr. John P. Frey when he marched down with four or five hundred fellows, that a riot didn't take place so he could move the Navy in and take the picket line off there, as has been threatened.

The Navy trucks came down the next morning and attempted to go through, and the thing was a failure. There are less men working in those shipyards today, with Navy convoys.

If those men want to go to work it is entirely all right with us, but our men in the area there have taken the position that we want to negotiate an agreement, we feel justified in asking for it, and we are prepared to sit down with the employers any time they see fit.

The CHAIRMAN. Are you prepared to sit down and negotiate with the employers and recommend that your men go back to work while the negotiations are in progress?

Mr. SMITH. I doubt it at the present time, Mr. Chairman.

The CHAIRMAN. What about this agreement that has already been negotiated?

Mr. SMITH. As I explained to you, we were never a party to the agreement. We weren't invited in, we were ignored completely, and as far as the agreement is concerned, I know nothing of it. I know nothing of it.

The CHAIRMAN. Were you willing to become a party to one now?

Mr. SMITH. The master agreement?

The CHAIRMAN. Yes.

Mr. SMITH. I am willing to sit down with the employers and negotiate an agreement based upon the conditions we have established.

The CHAIRMAN. I am asking you if you are willing to take the agreement negotiated by the majority of the people in the area?

Mr. SMITH. The master agreement?

The CHAIRMAN. Yes.

Mr. SMITH. No; I am not.

The CHAIRMAN. What is the difficulty with it? What is your objection to it?

Mr. SMITH. Well, there are several objections to it. The main objection is that in the event that we—I will put it this way. The main purpose of the master agreement, and the thought in the back of John P. Frey's mind, was to bring about a master agreement and freeze out the C. I. O. men in the shipyards on the other side of the bay. You heard Mr. William Green state yesterday that there was a condition over in Oakland that didn't meet with his satisfaction,

which is quite right, and if the master agreement is put into effect it is going to destroy our local. That is why we won't consider it.

The CHAIRMAN. Tell me, how would it destroy your local, if you agreed to it as a party to the agreement? How in the world could it destroy your local?

Mr. SMITH. After all, the master agreement doesn't give our side of the bay anything. We have a Bethlehem plant over there, too, in Oakland, in Alameda, and each and every employee of the Bethlehem Steel Co. in Alameda who comes under the jurisdiction of our union is a member of our union, so the closed shop in that condition doesn't mean a thing. The other shops are all closed-shop contracts.

The CHAIRMAN. I am asking you how in the world your agreeing with that master agreement could break up your union. I can't see it, if you are a party to the agreement.

Mr. SMITH. In other words, you are asking Mr. John P. Frey to put his signature alongside of my C. I. O. signature?

The CHAIRMAN. I am asking you if you will sign this agreement with your employer, the fellows you are working for.

Mr. SMITH. There are certain conditions in there that would be up to the membership as to whether or not they would accept them.

The CHAIRMAN. That is not the point. That is a matter for negotiation. I am asking you why in the world your signature on this agreement, with this employer, would break up your union.

Mr. SMITH. It wouldn't. But at the present time we are not a party to that agreement, and the effects—you have seen the reports, you know what the results are.

The CHAIRMAN. I am asking you if you are willing to become a party to it.

Mr. SMITH. If we were a party to it, it wouldn't break up our union.

The CHAIRMAN. But you haven't answered my question. Are you willing to become a party to it?

Mr. SMITH. I will present it to the membership. They have already turned it down.

The CHAIRMAN. I think that is all we want to know. If you are willing to present it to your membership, that is all right.

Did you have a question?

Mr. FULTON. Have you furnished us with the names of these 500 men in your union, and the addresses?²

Mr. SMITH. Mr. Clark made that request yesterday at just about adjournment time.

Mr. FULTON. That is the first time you ever heard of our request?

Mr. SMITH. I heard of it Monday. The fact is, I wasn't requested until yesterday.

Mr. FULTON. Have you got such a list with you?

Mr. SMITH. I have complied with Mr. Clark's request and the list is being compiled as fast as possible. I wrote the telegram. It is being compiled. It will be in your hands as soon as we can get it there.

Mr. FULTON. I see. And you are going to submit to your membership the question as to whether these 500 are going to conform or are going to refuse to conform to this agreement that was entered

² Subsequently submitted, marked Exhibit No. 84, and on file with the committee.

into to cover thousands of workmen, after some weeks and months of negotiation, in which the Government took part; is that correct?

Mr. SMITH. I will present the agreement to them. As I have stated, they have already turned it down.

Mr. FULTON. I want to have you present the plan, and I think the committee will, too, and in view of the emergency, I take it that you will, between now and then, read the President's speech.

Mr. SMITH. The thing that I would like to bring out to you, I would like to have an opinion of this committee as to whether or not we were justified in striking those shipyards, in view of the evidence submitted.

The CHAIRMAN. This committee is not interested in that phase of this thing. This committee is interested in getting ships. This committee is interested in seeing that we meet the emergency that we are facing now, which the President last night said was a total emergency. What we are interested in is in your patriotic effort to help do your part for the construction of ships for the Government. We are not interested in any labor controversy that you may have among yourselves, because the Government has set up the machinery particularly to help you work that out.

Mr. SMITH. Then I am laboring under misinformation.

The CHAIRMAN. This committee is interested in ships, and we want to know whether you are willing to help us get ships or not.

Mr. SMITH. It was my understanding that you wanted to ascertain the facts surrounding the strikes.

The CHAIRMAN. We wanted the facts surrounding the strikes.

Mr. SMITH. And I would like your opinion as to whether or not we have done our part in attempting to prevent a strike.

The CHAIRMAN. I can't say whether you have done your part or not. At least you are holding up ships. That is the principal thing we are interested in. You are holding up—you are to blame for our not being able to get ships in San Francisco Harbor right now, you and the fellow that was on the stand just before you.

Mr. SMITH. No; you have got us all wrong, Senator.

The CHAIRMAN. Who is to blame? You are not working. We are not getting ships.

Mr. SMITH. That is correct. But why blame us entirely? After all, I have submitted sufficient evidence here to convince you—

The CHAIRMAN. You are the ones that are out. You are the ones that are keeping everybody else from working.

Mr. SMITH. We are not keeping them from work if they want to go.

The CHAIRMAN. I expect not, but you know very well the situation is such that they won't go through the picket line.

Mr. SMITH. The boys on the Pacific coast happen to be picket conscious, and John P. Frey found that out.

The CHAIRMAN. I am not arguing about John P. Frey or anybody else. I have our condition under consideration right now. I want to know when you are going back to work. When are you going to let this Government have ships? I want to say to you now that this Government is going to have ships. If you want to be a party to constructing them, it is all right with me. If you don't, the first thing you know some of those contracts are going to be moved to a place where we can build ships. The Government is not going to fool with you very long.

Mr. SMITH. Let me point out another thing that should have been brought out here in the testimony. It is the Navy's position that they won't pay overtime and a half on Saturdays and overtime.

The CHAIRMAN. That is right.

Mr. SMITH. That is definitely stated. That is taking away a condition which we sacrificed for and fought like the devil to get. Then why doesn't the Navy take the position, as long as we are going to insist upon imposing a certain condition upon the workers in those shipyards, that they apply the same conditions to the workers in the shipyards that they have at Mare Island, and I will go back and recommend that they take it, and we will go to work tomorrow morning.

The CHAIRMAN. I am not negotiating contracts for the United States Navy. That is a matter you will have to negotiate with your employer. That is what these arbitration boards are set up for by the Government.

Mr. SMITH. In the first place, I want to point out another thing to you, in the testimony given Friday by Mr. Cooke,¹ "The coordinating board was set up principally upon the request of the employers because of the fact that the men, the employers, were stealing men from one another." At least that is his testimony.

The CHAIRMAN. That is right.

Mr. SMITH. Consequently they couldn't get the work done. The coordinating committee has been set up, they have handed down this master agreement, and the master agreement has defeated the purpose for which the coordinating committee was set up, to relieve that condition. A man is not going to work on the water front in San Francisco for \$1.12 an hour and time and a half for Saturday when he can work across the street and get double time for Saturday and \$1.15 an hour. They will work in the other shops in preference to going into the shipyards.

The CHAIRMAN. That is all.

Senator MEAD. Mr. Smith, if I may, before you leave, you made certain statements derogatory to the reputation of John Frey, who has been known very favorably, I will say, in labor circles and in the Halls of Congress for a long period of years, and who may have added to his standing here by an attempt that he made which, in our judgment, was an attempt to respect a contract. Contracts have been respected in the labor movement for as long a time as I can remember.

Now, you may have a grievance against Mr. Frey. Perhaps it is the result of the necessary rivalry that must exist between the two competing organizations. But how can you conform your differences with the position taken by a superior officer of the C. I. O., a man who I understand is your superior?

Mr. SMITH. Who is that, Senator?

Senator MEAD. A man who represents a very large number of C. I. O. members on the coast, who was here before our committee yesterday.

Mr. SMITH. You are speaking about Mr. Johnnie Green?

Senator MEAD. And who intimated to the committee that this was an outlaw strike. It occurred to me that you should have devoted a little of your time to Mr. Green, rather than devoting too much of your time to Mr. Frey. What is the trouble with you and Mr. Green?

¹ Morris L. Cooke, chairman, Shipbuilding Stabilization Committee, supra, p. 1132.

Mr. SMITH. Well, sir, for your information, Senator, to get it on the record to include them both, I think one is just as phony as the other. And on top of that, Mr. John Green is not a representative of my organization, and is not one of my superior officers.

Senator MEAD. He is a representative of the C. I. O.

Mr. SMITH. He is not a representative of the S. W. O. C.

Senator MEAD. What is his particular title?

Mr. SMITH. He is president of the Marine Shipbuilders organization.

Senator MEAD. And has a very good standing in C. I. O. councils here in Washington, I understand.

Mr. SMITH. He hasn't a very good standing with the workers on the west coast, I can inform you of that.

Senator MEAD. How is it that they have chosen him as their leader if he hasn't a good standing out there?

Mr. SMITH. He has a small group in the southern part of the State, and God knows that place needs organizing bad, and he is making some progress down there. But from San Diego north, Mr. Green has nothing to say as far as C. I. O. is concerned.

Senator MEAD. And you would have the record say that he is a phony?

Mr. SMITH. As far as I am concerned, he has taken a phony position by declaring that an outlaw strike, in view of the fact that Phil Murray says it is a legal strike, and he is the big chief in our organization, the same as Bill Green is in the other one, and my immediate superior officer, David J. McDonald, has said it is O. K.; the one next to him, Van A. Bittner, has approved it.

Senator MEAD. Then, so far as Mr. Green is concerned, he has no standing whatever?

Mr. SMITH. Not as far as the S. W. O. C. is concerned.

Senator MEAD. And his advice wouldn't be taken anyway?

Mr. SMITH. Well, Mr. Phil Murray and Mr. David J. McDonald didn't take his advice, and Mr. Van Bittner didn't, and I will be damned if I am going to!

Senator MEAD. That pretty near strips him of any standing, so far as your opinion is concerned.

Mr. SMITH. I think so. That takes his authority away from him.

Senator MEAD. Now that we have discussed both Mr. Green, of the C. I. O., and Mr. Frey, of the A. F. of L., the record is, I think, more in balance than it would be if you omitted to pay tribute to Mr. Green, so I am glad I brought it to your attention. It will be refreshing when he reads it, too.

Mr. SMITH. What do you want me to do now, pay a compliment to Mr. Green?

Senator MEAD. No; I am glad you spoke frankly about it, but it occurred to me that you were leaning too heavily on John Frey, and one of your own men was here yesterday and said some things which I thought I should recall to you. He said it was an outlaw strike, and he said some other things you ought to look up in the record to refresh your mind on.

Mr. SMITH. What would you expect me to say about a man who, in my opinion, led a group of men through a picket line which might have resulted in a doggone big riot, and bloodshed, and everything else, and

that might have taken place with a thousand men down there, sympathizers and everything else? I can't have any respect for him.

The CHAIRMAN. I think you have given us all the information we want, Mr. Smith. That will be all.

Senator MEAD. I just wanted your comment regarding Mr. Green's testimony.

The CHAIRMAN. Mr. Stafford.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God, before this committee?

Mr. STAFFORD. I do.

TESTIMONY OF M. H. STAFFORD, GENERAL REPRESENTATIVE AND SECRETARY, PACIFIC COAST METAL TRADES DISTRICT COUNCIL, METAL TRADES DEPARTMENT, AMERICAN FEDERATION OF LABOR, SAN FRANCISCO, CALIF.

The CHAIRMAN. Mr. Stafford, you are secretary of the metal trades?

Mr. STAFFORD. I am secretary and district representative of the Pacific Coast Metal Trades District Council.

The CHAIRMAN. And you are here as a representative of John Frey?

Mr. STAFFORD. That is correct.

The CHAIRMAN. Mr. Stafford, you have heard the testimony both yesterday and today. Are you still of the opinion that these are outlaw strikes on the San Francisco coast?

Mr. STAFFORD. I am of the opinion that those respecting the A. F. of L. are outlaw strikes, but not with respect to the testimony given by Mr. Smith.

The CHAIRMAN. That is not an outlaw strike?

Mr. STAFFORD. No; not in my opinion. And with regard to the Bethlehem, I wouldn't say that that is an outlaw strike either. May I elaborate on that just a little bit?

The CHAIRMAN. Proceed.

Mr. STAFFORD. I might say this, that I felt that an effort was being made by those who testified yesterday, and some of those who testified today, to attract your comment more particularly to the Bethlehem, because that is not an outlaw strike, and I thought that it was not due to the merit of the question concerning the Bethlehem, but more to keep your attention from other shipyards in which it is a direct violation of the contract.

Now I would like to call your attention to the paragraph following scope of agreements here in the master contract.

Mr. FULTON. What number is that?

Mr. STAFFORD. Paragraph 2, "Hiring of men." I would like to ask you to read that, and I think that would have some material effect on the testimony that was given by Mr. Smith, as to whether or not he could accept the provisions of this agreement, because it very definitely excludes the employment of any men except those who are members of A. F. of L. unions and are cleared through the respective unions under whose respective trade claims they belong.

Mr. FULTON. That is not the zoning agreement you refer to?

Mr. STAFFORD. I am speaking of the master agreement.

Mr. FULTON. The provisions of the zoning standards have no such provision.

Mr. STAFFORD. Possibly not, but the question was asked by the Senator on several occasions: Would Mr. Smith be willing to recommend or become a party to the master agreement? He couldn't become a party to the master agreement, because it excludes the employment of any men except men who clear through the trade claims of the respective A. F. of L. organizations where they belong.

Mr. FULTON. But he could become a party to an agreement incorporating the zoning standards that were reached after the stabilization conference.

Mr. STAFFORD. That I am not prepared to say; possibly so.

The CHAIRMAN. A great deal of this trouble, Mr. Stafford, seems to be a controversy between unions as much as a controversy between unions and employees. Now, what Mr. Smith said about Mr. Frey and Mr. Green makes it look to me as though there is a controversy between these unions on who's who and what's what and why, and we are paying the bill. The United States Government can't get ships because you fellows can't agree. I am saying to you, and saying to you again, that we are not going to stand for it very long. We can't stand for it very long.

Mr. STAFFORD. Well, Senator, I would like to make a statement calculated to develop all of the facts in connection with this very controversy.

The CHAIRMAN. Proceed. I wish I could get all the facts. I have been trying to get them for 2 days. All the facts I can get are that we can't get ships.

FACTS OF THE WEST COAST SHIPBUILDING CONTROVERSY AS PRESENTED BY MR. STAFFORD

Mr. STAFFORD. While I am on the Bethlehem, it is a fact that an agreement had never been presented to the Bethlehem until May 20, and not until subsequent to the calling of the strike, and they were contacted on May 20 with reference to a conference to take up the question of negotiating an agreement, or the master contract, but they were never contacted until after the strike. I got that information yesterday.

Now, on the 3d or 4th of March, all of the international unions, all of the international presidents affiliated with the metal trades department of the American Federation of Labor were called together here in Washington, and they put out a declaration of policy intending to govern the unions affiliated with the metal-trades department of the American Federation of Labor with regard to discharging their responsibilities with respect to national defense, and that declaration of policy I have a copy of, and it was published in all of the newspapers at that time, and it was read to the convention, which has been previously referred to, the Long Beach convention, just prior to our convention in the Whitcomb Hotel in San Francisco on February 3, and the policies with regard to "There shall be no strikes or lock-outs during the period of national emergency, as declared by the President of the United States," were unanimously adopted at the convention, and it was the purpose and intention of those who negotiated the provisions of this agreement to follow out that declaration of policy, which was signed by every president

of every international union affiliated with the metal trades department of the American Federation of Labor, and Harvey Brown as well, signed that declaration of policy.

Now, when we convened in the Whitcomb Hotel in San Francisco on February 3, we had a very large committee there. As observers—I will enumerate the observers first—Daniel Ring was representing the Maritime Commission, Captain Furer was representing Secretary Knox, Mr. Morton was representing the Stabilization Committee, and Phil Chappell, a Federal conciliator, was there representing Dr. John R. Steelman, and Dr. Isador Lubin was afterward added representing the O. P. M. They were there as observers.

All of the shipbuilders on the Pacific coast, I believe—at least we have the word of the shipbuilders that 90 percent of the shipbuilders on new ship construction were present at that meeting. The Bethlehem refused to take part in the meeting at all.

For labor, we had agreed at the Long Beach convention that we would select 3 from each major port on the Pacific coast, meaning 3 from the Los Angeles Metal Trades Council, 3 from the San Francisco Metal Trades Council, which is the Bay Cities' Metal Trades Council, taking in both sides of the Bay, 3 from the Portland Metal Trades Council, 3 from the Tacoma Metal Trades Council, and 3 from the Seattle Metal Trades Council. That would make 15 representatives of the various metal-trade councils, and there were some 21 national officers there representing the international unions affiliated with the metal-trades department of the American Federation of Labor and the shipbuilders.

Now, we found that that committee was too cumbersome. We had some 40 on our side of the table, and the shipbuilders, some of them representing 8 and 9 and some more, Mr. Marian for the Puget Sound district signed for some 15 shipbuilding concerns there, and we found that this committee was too cumbersome, we couldn't get anywhere, so we decided to elect a subcommittee and in place of the five councils, get together as a group and select a representative from each council. The five councils got together separately and it developed that after they had selected their man to represent that port, in Los Angeles, Matt Koch, a pattern maker was selected; in San Francisco, Ed Rainbow, a boilermaker, was selected; in Portland, Tom Ray, a boilermaker, was selected; in Seattle, Ed Rainbow, a boilermaker, was selected; in Seattle, an electrician was selected; the second biggest organization, the machinists, was left out and we didn't think that that was fair to the machinists. We thought the machinists were entitled to representation on that subcommittee, and it was then agreed that we would request Local 68 of the machinists in San Francisco to add someone to represent them on the committee, and Mr. Hook was the one they selected, and he sat through all of the proceedings of the negotiation of the agreement.

Now, I want to develop these facts to the entire satisfaction of the committee, and I hope that I may do that without departing from the respect that I have always had for the business representatives of Local 68 of the Machinists' Union. I have supported them many times when others were against them, but I am in the position to discharge my responsibility at this time; I cannot support them. I think they are

definitely wrong, and I must tell all of the facts in connection with this case.

The columns of the newspapers in San Francisco have continually carried reports that Local 68 of the International Association of Machinists had no part in negotiating the provisions of this agreement or in the meetings that resulted in the adoption and finally the signing of the agreement. The machinists' union had more prominent representation on that negotiating committee than any other organization affiliated with the metal trades department of the American Federation of Labor. I have just related how Harry Hook came to be on the subcommittee.

When labor and industry got together as the subcommittee, it was necessary that we appoint a chairman of the subcommittee. I have forgotten to mention that there were 4 international officers selected of the number of 21 to sit on the subcommittee. George Castleman, general organizer for the International Association of Machinists, was selected, and his name was placed in nomination by industry's side of the table, to act as chairman of the subcommittee, which he did. Earl Cook, of the Sheet Metal Workers International Union; Billy O'Neill, of the Plumbers and Steamfitters; and Don Cameron, of the Carpenters and Joiners, were also added to the committee.

Now, George Castleman, as the general organizer of the International Association of Machinists, acted as chairman of the subcommittee. We had some very heated arguments on the question of surrendering double time when we have enjoyed it for something over 20 years in San Francisco. We would not give up what we thought was our right. We argued that through the facilities of the National Broadcasting System we had heard the President of the United States make statements many times that we would not be required to give up any of our gains in discharging our responsibilities with regard to national defense, and we would not take the word of the Federal observers who were present there and told us that the Maritime Commission, the Navy Department, and the O. P. M. would not approve a contract in which it was provided for more than one and one-half times the established hourly rate for overtime, and \$1.12 an hour for the established hourly rate for standard skilled mechanics. We fought very bitterly over that; at times we clashed with each other. Industry finally was willing to and did write in the contract double time for overtime, and finally labor and industry were together against the Federal observers there, and we were giving them a pretty rough time there for a little while.

Senator WALLGREN. Was Bethlehem Steel Co. represented?

Mr. STAFFORD. Bethlehem would not take part in the agreement out in the open. We sent a couple of gumshoe men down to the Palace Hotel to guard both the doors and we found, one afternoon, when we knew that the shipbuilders were calling a special meeting, that representatives from the Bethlehem did go in and go upstairs. We didn't see them go in the room, but we have every reason to believe that that is where they went, and that they did take part.

The CHAIRMAN. You believe they knew what was going on?

Mr. STAFFORD. In determining questions of policy with regard to this contract. We believe that, and I am very conscientiously per-

suaded that they did do that, and I might add that I think they should go along with this contract, this master agreement.

Now, where did I leave off?

Senator MEAD. You were discussing the deliberations of the subcommittee.

Mr. STAFFORD. Yes; and after we had got into very heated discussions there and had called the Federal observers in, in which they were required to exercise their influence against labor and industry when we were in unison on some of these questions, it got so hot there that we finally received a telegram from, I believe it is Green, is it; the chairman of the stabilization committee?

The CHAIRMAN. It's all right, the chairman of the stabilization committee.

Mr. STAFFORD. Asking us to recess for 2 weeks in order that the Federal observers and President Frey and our representatives might come back to Washington, D. C., and verify the claims of the Federal observers there that the Maritime Commission and O. P. M. and the Navy Department would not approve a contract with more than time and a half for overtime and \$1.12 an hour.

Now, we were 5 weeks on this, and I can't go into minor details; I am trying to bring out the essential points to develop the facts to your clear satisfaction.

After they returned, and during the 2 weeks' recess, we called our international presidents up who were in Washington, D. C. We sent telegrams and we did everything we could to get assurance that this was authoritative information coming from the O. P. M. and the Maritime Commission and the Navy Department.

After we reconvened, after we had gone into this question, we decided that it was our duty, in line with the declaration of policy that was outlined by our international policy, and in view of the national emergency, that there was nothing we could do, whether we liked it or not, but to draw up the provisions contained in that master contract and submit it to our people for action or, if they felt like it, for action or a recommendation to adopt it, whatever may be the feeling of those who submitted it to their various councils.

Now, we were fearful that the agreement would be rejected by our council, and the various unions affiliated with those respective councils in the five ports on the Pacific coast, and we were anxious—I was at least, and very nearly all of us were anxious—that the agreement be adopted. We think there are very good things, many good things in there. For instance, the closed-shop clause in there, and vacations with pay where they had never been established before, and we were fearful that it would be rejected unless someone was there who had gone through the negotiations and could clearly explain it to them, so we called special meetings of the councils in the five cities on the coast, and arranged them at such dates as we could visit those councils at these special meetings during the 2 weeks, and President Frey and myself and seven international officers, and George C. Castleman, of the Machinists' Union, accompanied us to each one of these five ports at these special called meetings to urge the adoption of the provisions of that agreement, and three—well, I will continue a little further on the meetings. I want to invite your attention to this fact, that in Seattle, which was the last port we visited, where a special meeting

was called, not only the delegates to the Seattle Metal Trades Council were present, but they had called their executive committee of each of the unions affiliated with the council to be in attendance there. While they sat over separately and were only there as listeners and observers and had no voice or vote, the delegates were on this side and the president of the International Association of Machinists, who testified here, Harvey Brown, was on the platform with President Frey and the rest of us, with a copy of the master contract in his hand—not in book form, but in this form, and that agreement was taken up seriatim. All of the terms of it were thoroughly discussed, and President Brown, of the Machinists' Union, took the floor and made a very effective talk in behalf of the adoption of the provisions of this agreement, and consequently, after the vote was tabulated, we found that three of the councils had adopted it without a dissenting vote—Los Angeles, Tacoma, and Portland. San Francisco had some dissenting votes, and in Seattle there were some dissenting votes. But the general result of the tabulation indicates that the agreement was adopted about 10 to 1 by the rank and file.

Now, I want to call your attention to a statement that was made here that possibly left the wrong impression this morning, where certain organizations adopted this agreement with reservations, or with exceptions I believe is the word that was used. In tabulating that vote, every organization who accepted it with a reservation, or with the exception of clause so-and-so or clause something else, was recorded as voting against it, because they didn't accept it. They were told, when we visited these various councils, that they either did accept it or didn't accept it, one of the two. They couldn't say, "I accept everything except clause 2 or 6," or something like that. So those who accepted it with reservation were recorded as voting against the provisions of the agreement, and in spite of that it was adopted by about 10 to 1.

Now, there was nothing left to do except that the agreement be signed. We considered that a definite authorization from our people to sign the agreement, and the agreement was signed by all of the representatives.

You have a copy of the contract there in the book form, which I brought with me. I should have brought more, but I didn't think there would be as many of you here. So the agreement has been signed by the duly authorized representatives of all of the metal trades unions affiliated with the metal trades department.

The CHAIRMAN. And that agreement is in effect and the people are working everywhere but in San Francisco. Isn't that true?

Mr. STAFFORD. All of the locals of machinists on the Pacific coast are working under the provisions of that agreement except Lodge 68 of San Francisco.

Now, I am pretty well convinced that while most of the testimony was leveled against the Bethlehem here, and I am thoroughly in accord with that, the application of the principle of the thing should be as effective against the Bethlehem as I am trying to make you think it should be effective against Local 68. All of the unions affiliated with the metal trades department of the American Federation of Labor went into negotiate this agreement. We arrived at a meeting of minds on it, and it was signed, and I claim that every influence

should be brought to make Local 68 live up to the provisions of that agreement.

On the other hand, I claim that when 95 percent of the shipbuilders on the Pacific coast sit down and negotiate the terms of an agreement and urge its adoption, and the President of the United States made a press release in one of your local papers here urging all of the groups to adopt the provisions of that agreement, I feel that the same influence from the Maritime Commission, the Navy Department, and the O. P. M. and everything else should be brought to bear to make Bethlehem sign the provisions of that agreement without anything taken out of it, the closed-shop clause and all. Everything that is in there has been agreed to by all of the shipbuilders on the Pacific coast except the Bethlehem. I don't think they should be excluded. And were I sitting in one of the persons' seats who testified here before I did this morning, I would have answered "yes" very readily to one of your questions, that I would go back to my organization and recommend that they exclude the closed-shop clause, because the Bay Cities' Metal Trades Council will not agree that the Bethlehem have any concessions in the terms of that agreement at all. We feel that we have gone into this thing. I had good faith in the machinery set up for arbitration and all of the other terms of the agreement, and I don't think that Local 68 of the machinists and I don't think that Bethlehem should have any concessions whatever. The application of the principle of the thing is identically the same, and I think it should be equally applied to both sides.

Senator MEAD. That was a very fine statement, and I want to congratulate you, because you confined yourself to the real subject before the committee and you were very considerate in your treatment of representatives of the various union groups. I don't believe it is going to help the cause of labor for anybody interested in a labor organization to assail or attack another representative of labor when it is wholly uncalled for, and you hewed to the line, and I think you made a very good witness.

Mr. STAFFORD. Thank you, Senator.

The CHAIRMAN. The committee will recess until 10:30 Tuesday. That is all, Mr. Stafford. Thank you very much.

(Whereupon, at 1:35 p. m. the committee recessed until 10:30 a. m., Tuesday, June 3, 1941.)

APPENDIX

EXHIBIT No. 58

[Copy]

Starrett Bros. & Eken, Inc., administrative and supervisory employees

Company No.	Name	Title	Present salary	Previous earnings
1	J. McInerney	General superintendent	\$8,850	\$10,000
2	Harry Stellmann ¹	Construction manager	8,850	9,000
3	H. C. Odell ²	General field superintendent	8,850	12,000
4	Chas. Rausener ¹	Assistant superintendent	7,800	6,500
5	Frank Carey ¹	do	6,500	6,500
6	Harold Nelson ¹	do	6,500	4,000
7	Geoffrey Mercer ¹	Resident engineer	7,000	5,000
8	Albert Hendrickson ¹	Auditor	6,760	6,000
33	Edward Fee ¹	Assistant resident engineer	7,000	4,000
36	Chas. Collins	Project coordinator	6,500	12,000
37	Peter W. Coleman ¹	Office manager	8,320	7,500
40	Paul Walker	Superintendent of roads	8,850	10,000
42	Albert Griffith ^{2 1}	Superintendent	7,800	6,000
43	George Ogilvie ¹	Assistant superintendent	7,800	5,200
44	P. N. Hanold	Project coordinator	6,500	7,000
57	H. H. Hein ²	Field superintendent	7,800	10,000
74	Walter Eubank ^{2 1}	Assistant superintendent	7,800	7,500
84	Harry Sayles	Electrical superintendent	7,800	6,500
96	Paul N. Howard	Chief superintendent, water and sewer	8,850	10,000
109	W. A. Stedman	Superintendent	6,500	6,000
130	Albert Safar	Assistant superintendent	6,500	5,000
151	Mike Bergin	do	7,800	7,000
256	George Schuck	Assistant superintendent, electric	6,500	5,000
258	Sam S. Jones	Assistant superintendent	6,500	10,000
363	H. W. McKenzie	General superintendent, drainage	8,850	12,000
560	Charles Pretsch	Chief master mechanic	6,500	7,800
688	A. T. Barker	Superintendent painting	6,500	4,000
755	E. J. Sening ¹	Field superintendent	7,860	7,200
777	A. B. Campfield ¹	Superintendent	6,500	5,700
966	J. O. Scott ¹	Assistant superintendent	6,500	6,000
995	Chas. Bender ¹	Field superintendent, construction	7,800	6,500
29312	John L. Dugan	Assistant superintendent	6,500	8,000
29832	Dominic Nardone ³	do	6,500	3,000
30058	W. I. McClelland	General manager, sewer and water	8,850	8,800

¹ Indicates previously employed by Starrett Bros. & Eken, Inc.

² Indicates not now on pay roll.

³ Indicates previous earnings were augmented by maintenance and expenses.

EXHIBIT No. 59

[Copy submitted by L. B. McLeod]

STARRETT BROS. & EKEN,
Camp Blanding, Fla.

SEPTEMBER 16, 1940.

GENTLEMEN: In connection with the contract for building Camp Blanding, we take pleasure in quoting you limerock, meeting State road department specifications, on the road within the area of Camp Blanding for the sum of \$2 per ton, railroad weights to govern, not including freight.

The price for tar prime, meeting State road department specifications, delivered and applied on the road base for the sum of \$0.17½ per gallon.

The price for hot asphalt, meeting State road department specifications, delivered and applied on the road surface at \$0.11½ per gallon.

Birmingham slag, meeting State road department specifications, for the sum of \$2.95 per ton, railroad weights to govern, not including freight.

We are submitting herewith attached a sheet showing in detail the hourly rental rates we agree to furnish equipment listed. In detailing the number of units we are estimating that these are about the units that may be required. If, for any reason, more units than listed are required we can likewise furnish them.

We are in a position to begin this work immediately and increase the capacity of delivered materials as fast as railroad facilities are provided at Starke on which point we are basing our bids to unload materials.

We are in a position to recommend to you trained personnel to be placed in supervision of this work at wages to be designated by you.

It is our understanding that the road work contemplated within the camp is approximately 34 miles in length and is to be 24 feet wide with 8-inch compacted limerock base with surface treatment.

We are certain that the materials quoted can be delivered to enable forces under your direction to complete the entire work within a 90-day period.

For your information, we propose to furnish rock shipped from Williston and Hodgson, Fla., which points bear the cheapest freight rate to Starke. Our reason for a quotation not including freight is that we are assuming that advantage will be taken of the land-grant rate by the Government, which will effect a saving of approximately \$0.28 per ton on the limerock, the standard rate being \$0.70 per ton from both Williston and Hodgson and the land-grant rate being approximately \$0.42 per ton.

Respectfully submitted.

H. E. WOLFE CONSTRUCTION CO.
By H. E. WOLFE, *President*.
L. B. MCLEOD CONSTRUCTION CO.,
By L. B. MCLEOD, *President*.

EXHIBIT No. 60

MARCH 3, 1941.

To: Starrett Bros. & Eken, Inc., Camp Blanding, Fla.
Subject: Reimbursement of Mr. H. W. McKenzie.

We are directed by the office of the Quartermaster General, under Western Union telegram No. 7928 filed at Washington, March 1 at 5:22 p. m., that we are not to approve reimbursement of the pay of Mr. McKenzie on the contractor's pay roll effective March 1. No explanation of this order has been provided.

JAMES R. RUNDELL,
Major, Quartermaster Corps, Constructing Quartermaster.

EXHIBIT No. 61

STARRETT BROS. & EKEN, INC.,
Starke, Fla., March 4, 1941.

Personal.

Mr. H. W. MCKENZIE,
Camp Blanding, Fla.

DEAR MAC: We regret that, by order of the constructing quartermaster, we are compelled to terminate your employment on this project.

Your services as general outside superintendent have been eminently satisfactory and your cooperation and assistance have been very helpful at all times.

May I take this opportunity to extend my best wishes for success in all your future undertakings.

H. J. STELLMANN,
Construction Manager.

EXHIBIT No. 62

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
Camp Blanding, Fla., March 4, 1941.

Mr. H. W. MCKENZIE,
*In care of Starrett Bros. & Eken, Inc.,
Camp Blanding, Fla.*

DEAR MR. MCKENZIE: It is with deep regret that I learn of the termination of your services with the firm of Starrett Bros. & Eken, Inc., and before your leaving I would like to express my appreciation both in an official and personal

capacity of your efforts and achievements in the processing of the program at Camp Blanding. I know of no one individual on the post who has contributed more in effort and loyalty to the project and it is without hesitation that I state that your technical ability and diplomacy in meeting some of the difficult situations with which we have been surrounded has been of more than material influence on the successful culmination of the project. I would, therefore, not hesitate to recommend your construction and organization ability to any firm or agency of the Government that might have use for your talents. In addition thereto I wish to add my personal commendation for your assistance to the program at Camp Blanding and express my best wishes for your continued success in any field of endeavor to which you may turn.

With best wishes for your success,
Cordially yours,

JAMES R. RUNDELL,
Major, Quartermaster Corps, Constructing Quartermaster.

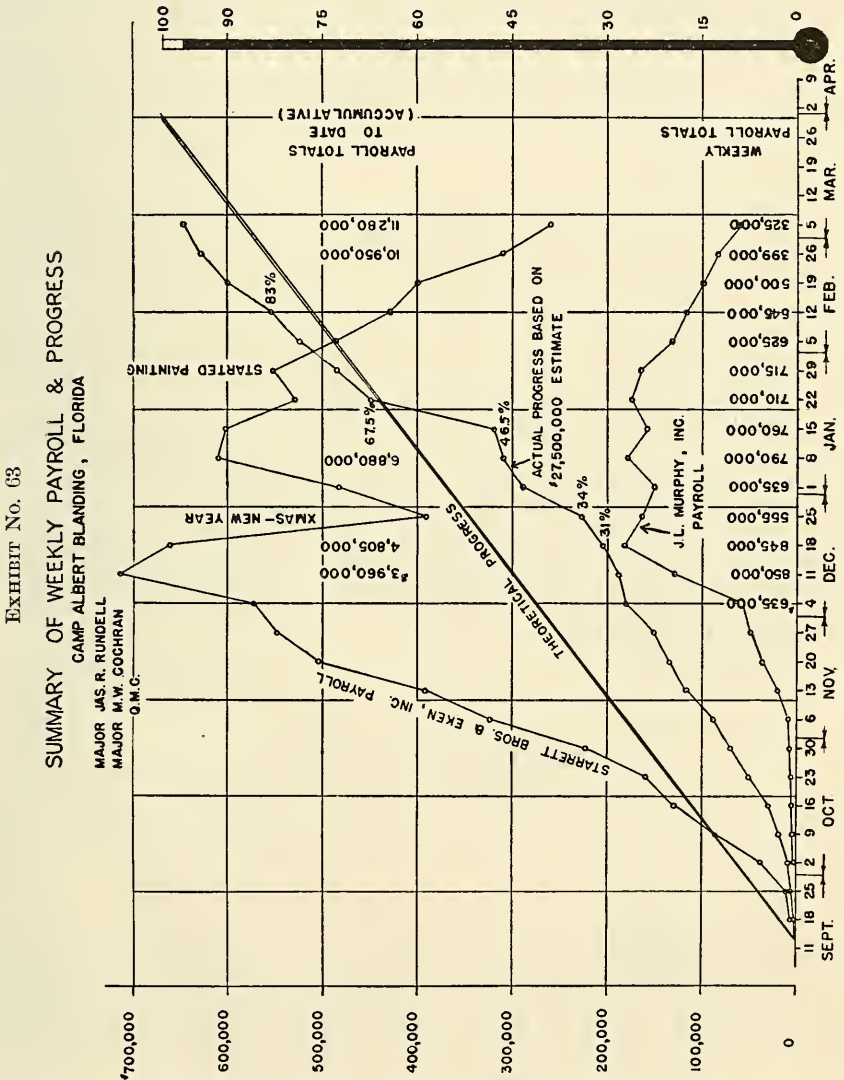


EXHIBIT No. 64

THE ASPHALT INSTITUTE,
New York, N. Y., April 25, 1941.

Information Letter No. 379

To Members:

COARSE AGGREGATE TYPES OF SURFACES FOR HEAVY-DUTY MILITARY PARKING AREAS

The present defense program calls for large parking areas for the storage of heavy motorized ground equipment and airplanes. The locations of some of these projects are in the Southeast, where sand-asphalt construction has been used very successfully and extensively for highways. This is excellent construction for moving traffic but, due to its rutting under standing traffic, it is not suitable for parking areas where "dead" storage is contemplated for heavy trucks, tanks, and airplanes. Members of our engineering staff express the opinion that even high-type sheet asphalt, such as used on heavy-duty streets, would not be satisfactory for this service.

Under the circumstances, it is desirable to refrain from recommending any type of surfacing employing fine aggregates for this particular use, and to confine our recommendations to the use of surfaces of asphaltic macadam, penetration method, and coarse aggregate asphaltic concrete. The base course, however, might conceivably be constructed with fine aggregate materials, such as sand-asphalt, superimposing thereon a 2- or 2½-inch layer of coarse aggregate asphaltic concrete or asphaltic macadam.

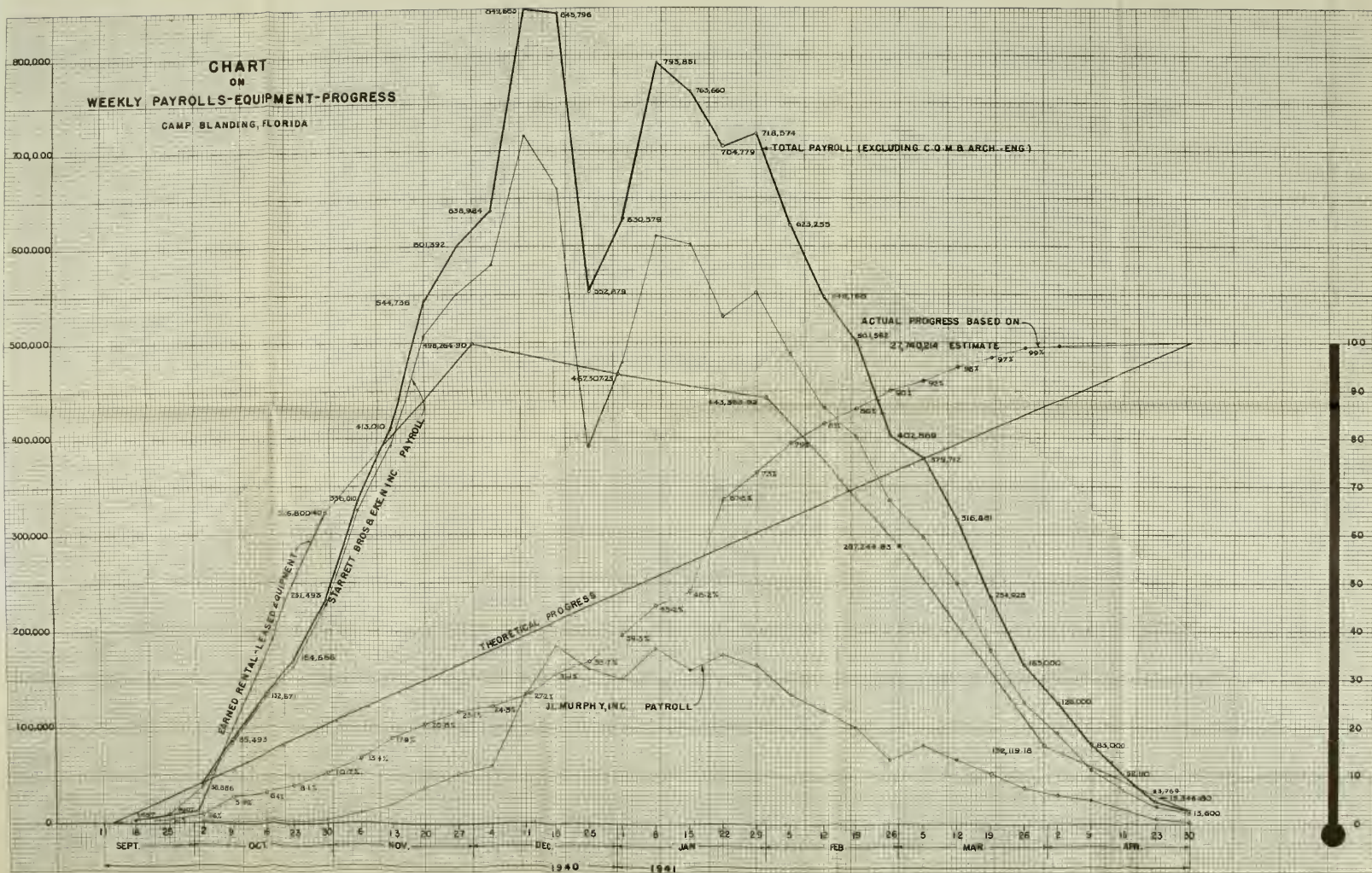
Where sand or other fine aggregates would ordinarily be locally available, whereas coarse materials were not, this might entail some additional expense over the cost of fine aggregate mixtures. However, it would not be excessive, and the probable difference in the cost of coarse aggregate wearing courses would not exceed 12 cents per inch of depth per square yard over the cost of locally available fine aggregate types. Thus, the entire additional cost would not exceed 25 or 30 cents per square yard, and a definitely satisfactory type of surface would unquestionably result. For such work, asphalt cement having penetration of 60-70 is indicated for use in plant-mix asphaltic concrete, and 85-100 for asphaltic macadam, penetration method.

Concerning the use of asphalt for military parking areas, some misconception has been present in the minds of representatives of the Army whereby they assumed that the movement of motorized military equipment, especially those having crawler-type traction, would be more harmful than actually would be the case due to minor scarring and otherwise marring of flexible surfaces. Any marking of the pavement that might result from moving such equipment would not be of a serious nature and, in any event, if the abrasive action of the traction would mar or otherwise harm the pavement, conversely, damage to the equipment's traction from a rigid pavement would be infinitely more harmful and costly than the mere marring of the pavement's surface by cleats attached to the tractive members of the equipment.

Yours truly,

W. R. MACATEE,
Managing Director.

EXHIBIT No. 65, faces this page



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SUPPLEMENTAL DATA

The following documents are included at this point in connection with testimony of Mr. Harry Hook, *supra*, p. 1201, et seq.

MAY 11, 1941.

SENATE COMMITTEE TO INVESTIGATE DEFENSE PROGRAM,

Washington, D. C.

(Attention Mr. Harry S. Truman, chairman.)

GENTLEMEN: Replying to your telegraphic request of this date for full information on issues involved in the machinists' strike against bay area shipyards and ship repair shops exclusive of the Western Pipe & Steel Co., desire to say that San Francisco Lodge, No. 68, will gladly comply insofar as humanly possible to do so. However, it is no misstatement to say that if all issues, including what we firmly believe to be the false ones, are thoroughly aired, it would be a monumental task and require more than a single communication.

Lodge No. 68 believes that the salient points to be taken up by any agency interested in this matter would be, first, to clear up the greatly obscured facts regarding the so-called master contract which it is now contended that we, as machinists, are violating; second, to determine exactly who are actually parties to this agreement and how it could be properly construed as being in effect; third, to make a close examination of the much discussed "demands" of the machinists' union and, more important, the seldom mentioned "demands" of the employers.

The so-called master contract, which it is now claimed the Machinists' Union is violating, came into being as a result of negotiations starting as of February 3 in the Whitcomb Hotel. These negotiations were instituted through means of a communication from John P. Frey to various metal-trades councils on the Pacific coast. Those councils and their affiliates, meeting in convention in Long Beach in January, agreed to accept this principle with reservations that any agreement arrived at would be submitted to all local unions for a referendum vote.

When this so-called master contract was submitted for a vote of the members every machinists' local on the Pacific coast with actual membership working in the industry rejected, either in its entirety or specifically, the wage rate of \$1.12 per hour, which is less than previously obtained in some localities, and the overtime provision of time and one-half, as against the double-time provisions of the then existing contracts which were in full effect on the Pacific coast from the port of San Francisco north to Seattle, including Portland and Tacoma.

The machinists in Los Angeles did vote to accept this so-called master contract; however, it was of small consequence, as it is primarily a matter of potential membership in that locality.

The vote on this so-called master contract in Lodge No. 68, which is the largest on the Pacific coast affected, was 67 in favor and 827 opposed. On the basis of these undeniable facts, Lodge No. 68 disclaims any responsibility for the execution of this document in Seattle, Wash., which was only signed by a single international officer of our association. This applies to the contract on the new ship construction work only. Insofar as the master contract on the repair work is concerned, while not so objectionable in its terms, it was never even submitted to our union until after it was already signed. To date we have seen no signed copy of either contract, but it is public knowledge and universally acknowledged that neither the Bethlehem Shipbuilding Co. nor the Consolidated Steel in Los Angeles has signed this contract, and in view of the public record of performance of the Bethlehem Shipbuilding Co. it is not unreasonable to question its intention of signing same. This same Bethlehem Shipbuilding Co. employs 75 percent of the men that are now on strike since Friday midnight, and which you are making inquiry about.

San Francisco Lodge No. 68 has 3,800 members at the present time who work in practically every industry and every type of manufacturing, jobbing, and repair plants in San Francisco and the peninsula district south to Sunnyvale (including the marine industry). We held signed agreements covering virtually everyone of these members except those working for the Bethlehem Shipbuilding Co., who, although meeting the wage-and-hour demands, steadfastly refused to sign any agreement. These signed agreements all expired on March 31, 1941, and in conformity with the provisions of these agreements we did serve notice on all such employers, including those we are now striking against, that we desired to negotiate a new agreement.

Subsequently we compiled our revised proposal, submitted it to the employers, and made repeated requests for conferences, all of which were spurned because of the so-called stabilization committee meetings in the Whitcomb Hotel, which latter moved to Seattle.

Relative to the demands of the machinists, either real or alleged, may we say that in reality we are making only one demand of any consequence, namely, a request for a nominal increase in wages, a request which we feel is most modest in view of all the normal factors that go to form a basis of determining what is a fair wage. In regard to our alleged demands for double time for overtime, may we say that it is our understanding that it does not devolve on any individual or group to "demand" anything that is already in its possession. Double-time pay for overtime work was established by agreement during 1918 while this Nation was physically engaged in World War No. 1, and has been recognized throughout all these years as being the legal rate, with the exception of the same Bethlehem Shipbuilding Co. that scrapped all agreements in the post-war period.

It is our contention that any demands that are being made in relation to overtime pay are being made by the employer, and should be so understood by your committee in its deliberations.

We believe it to be of interest to your committee to know that as of this date 2,600 members of San Francisco Lodge No. 68 are employed in 160 plants (including several engaged in marine work of national-defense character), and that in these plants there are employed the same classifications of our membership doing identical work as that performed in shipyards and ship-repair shops. Furthermore, these 2,600 members are working under signed contracts with a minimum wage of \$1.15 per hour for journeymen, and double-time pay for all overtime work performed. Other provisions of these agreements are standard with the general provisions of our proposed agreement as submitted to the employers in the marine industry.

May we respectfully ask why the Bethlehem Shipbuilding Co., in particular, or the employers in general, in the marine industry should be granted concessions as against our other employers?

It might also be of interest to your committee to know that the writer, E. F. Dillon, was required to appear before the President's National Mediation Board in Washington, D. C., on April 22, to show cause to justify our requests for these conditions. The record of this case under the heading of California Metal Trades Association versus San Francisco Lodge, No. 68, International Association of Machinists, and the short, concise memoranda statement of Dr. Stocking as chairman of the panel will very briefly tell the story of how these conditions were established. In our association, when once minimum standards are established, our constitution and bylaws require that no member shall work under less favorable conditions.

Permit us to say that Lodge No. 68 is an established institution of 56 consecutive years' standing in San Francisco, and takes pride in that it is an American institution and amenable to the laws of the land and desires to further the principles of our form of democratic life and government.

With a full realization of the serious state of affairs that now obtains and a clear knowledge of the inevitable criticism that would attend any economic action we might invoke to secure conditions for our members, we, the undersigned responsible officers of Lodge No. 68, did make every effort to obtain authoritative information as to our rights prior to any action on our part.

At a time when we were already being subjected to severe criticism for contemplating economic action, we did address to those whom we believed to be in authority above questioning the following telegraphic inquiry on March 24, 1941:

"International Association of Machinists, Lodge 68, voted by overwhelming majority of 95 percent to strike shipyards and manufacturing shops in San

Francisco because of inability to secure new agreement after 5 weeks' negotiations. Ultimatum purported to emanate from authorized Federal agency in Washington laid down to our representative in negotiations for coastwise agreement at Whitcomb Hotel that our members must accept specified wage rates and overtime provisions less favorable than now in effect. For immediate information of our 3,600 members awaiting strike orders are these purported mandates official.

E. F. DILLON,
HARRY HOOK,
Business Agents."

This wire was addressed to the President of this Nation, to Mr. Hillman as Codirector of the Office of Production Management, and to the Secretary of the Department of Labor. To date there has been one lone response, which arrived by regular mail under date of April 12 from a Mr. Nicol, secretary in the Office of Production Management, who announced that our inquiry would be referred to Mr. Hillman for attention.

Under those conditions our membership felt thoroughly justified in proceeding in the regular constitutional manner prescribed by our constitution and bylaws to place in effect the minimum wage standards and conditions that seem most fair and equitable to us.

In conclusion, permit us to say that Lodge No. 68 and its officers are more than pleased to cooperate with your committee in ascertaining any facts that might lead to a determination as to who is responsible for the lack of proper functioning of the entire defense program, but it is our sincere belief that there are far more fertile fields for investigation than this comparatively small instance in which 1,200 machinists are making an honest effort to secure a modest standard of living from a corporation of the magnitude of the Bethlehem Shipbuilding Co.

Any further information your committee may desire will be gladly furnished, provided we are in a position to do so.

With best wishes,

Sincerely and respectfully,

E. F. DILLON,
HARRY HOOK,
Business Agents,

San Francisco Lodge, No. 68, International Association of Machinists.

SUPPLEMENTAL STATEMENT TO SENATE COMMITTEE INVESTIGATING NATIONAL DEFENSE PROGRAM, MAY 25, 1941

Since submission of statement on May 11, there have been developments as follows:

First. In conference with Bethlehem Co. on May 20 Mr. Laughton (assistant superintendent) and Mr. Flegel (attorney for company) stated they were not participants in negotiations for so-called master contract; in fact, were not invited to participate.

Stated they would negotiate and sign an agreement which would include some provisions of master contract, but that some of its terms were out—this included closed shop and arbitration. Requested time to study master contract, which they said had only very recently come to their hands.

Second. Met again with Bethlehem Co. on May 21 and were advised that 6 sections of master contract were acceptable to company; that 3, including closed shop and arbitration, were out and balance of about 12 sections was acceptable with some reservations.

At this conference Mr. Laughton and Mr. Flager made it plain they were not bound nor did they feel under obligations to any third party in these negotiations—that it was strictly a matter between the company and unions to reach an agreement and that it was their intent and desire to dispose of the master contract and start from scratch on all issues.

Third. At a third conference on May 23 the company did agree to include arbitration, with certain reservations, in any agreement arrived at. This was status of negotiations with Bethlehem Co. when our agents were called to Washington to appear before this committee.

This attitude of Bethlehem confirms our belief that the so-called master contract was never even intended to be as such from the start, and that it was in essence intended for the purpose of establishing a maximum above which labor could not possibly advance in its quest for wages and conditions. It is our belief this was done in an unauthorized manner and was instituted and gotten well under way before labor or its rank and file were even consulted.

It is our information also that John P. Frey, of the American Federation of Labor, and John Green, of the Congress of Industrial Organizations, had an understanding on the division of representation on the Pacific and Atlantic coasts, and that this arrangement was a violation of the lawful rights of certain workers of both unions.

Agents of machinists' union were informed by representative of the Office of Production Management that master contract was a very poor one that he would never go for; in fact, it was pretty much a "yellow dog" contract.

Following is tabulation of results of the action on so-called master contract by machinists' locals:

Lodge No. 68 (largest lodge) voted on agreement three times; rejected three times in entirety by secret votes of 1,140 to 67, 827 to 67, and 912 to 229.

Lodge No. 79 (second largest lodge, Seattle) rejected master contract by 2½ to 1 ballot.

Lodge No. 297, Tacoma, voted to reject agreement unless wage rate of \$1.15 was granted and section No. 9 eliminated; these reservations not complied with, and vote is therefore recorded "no."

Lodge No. 63, Portland, voted to accept agreement if \$1.15 rate was granted, this reservation was partly complied with in the clarifications, and vote of Lodge No. 63 is of doubtful character.

Machinists Welder Local, No. 1330, San Francisco, rejected the agreement in its entirety.

Local No. 824, Richmond, Calif. (Todd yard), rejected the agreement in its entirety.

Machinists lodge in Los Angeles did vote to accept master contract, as they had very few if any members involved, and they believed it offered an opportunity to organize.

These lodges all voted in our constitutional manner by secret ballot.

Other unions rejecting this agreement to our knowledge by secret ballot were: Boiler Makers, No. 39, in Oakland; Pipefitters, No. 590, San Francisco; two out of three carpenters' locals in port of San Francisco; and some other scattering of small organizations.

In fact, all unions who took secret ballot that we know of rejected the agreement with one or two exceptions, and it is our belief that the master contract would have been overwhelmingly defeated had it gone to a true referendum vote of the membership.

Most of the unions which did accept did so with certain reservations which have not been complied with, but they have accepted under pressure.

In conclusion, the representatives of Lodge No. 68 say that our members are willing to go to work and build ships when they are granted the same wages and working conditions in the maritime industry that the other 70 percent of our members receive under signed working agreements at this present time.

However, inasmuch as evidence conclusively proves this so-called master contract is not binding on industry, and our association having almost unanimously rejected same, we feel no responsibility and believe ourselves justified in proceeding to negotiate with our employers in the constitutional manner under which we always act.

E. F. DILLON,
HARRY HOOK,

Business Agents, San Francisco Lodge, No. 68, International Association of Machinists.

ADDITIONAL STATEMENT BY BUSINESS AGENTS OF SAN FRANCISCO LODGE, No. 68, TO SENATE COMMITTEE INVESTIGATING NATIONAL DEFENSE PROGRAM, MAY 27, 1941

After reading the record of Friday, May 23, hearing before your committee, the undersigned representatives are prompted to make this additional statement:

First. We protest the testimony of Mr. Bard that the Bay Cities Metal Trades Council have jurisdiction over San Francisco Lodge, No. 68, International Asso-

ciation of Machinists. We deny its correctness and will submit our grand lodge constitution to refute any such authority is vested in said council. We further defy said council to produce any evidence to substantiate Mr. Bard's contention.

Lodge No. 68 made no commitments to accept the results of the so-called stabilization committee negotiations, but did submit written communications to both the Bethlehem Shipbuilding Co. and to the Bay Cities Metal Trades Council, copies of which we submit, together with printed form of our certification card, to show exactly who our members have designated as their representatives and bargaining agency under the law.

Second. Regarding question of being on an outlaw strike, which has been greatly stressed, may we say our strike has been duly sanctioned by our international executive council.

May we add further that we cannot see how we could be violating an agreement with the Bethlehem Co. when no signed agreement has ever existed with this concern. (Mr. Homer admits as much.)

Third. In reviewing the testimony of Mr. Cooke, it clears away the last vestige of doubt in our minds that the so-called stabilization program has been utilized as a means of placing a ceiling on wages and definitely limiting the opportunities of workers or unions to strive for better wages. This we believe is contrary to free enterprise of which we claim to be so justly proud in America.

Fourth. Regarding the testimony of Mr. Homer, vice president of the Bethlehem Co., we are duly impressed by his apparent lack of knowledge of conditions in the San Francisco plant of his own company. Mr. Homer guesses they employ 200 or 250 machinists; actually, there were approximately 850 machinists and helpers employed when the strike became effective, and they were all members of the machinists' union, not 60 percent of them as Mr. Homer infers.

Furthermore, every one of our members received double-time pay for every hour of overtime worked right up to the day of the strike (not time and one-half, as referred to by Mr. Homer).

Mr. Homer's reference to playing ball is very interesting. It has been labor's observation that whenever the Bethlehem Co. played ball they were always at bat.

Again, in conclusion, we make one request in behalf of our association—that, inasmuch as many references have been made to fraudulent strike votes and the implication made that doubt existed regarding the validity of action in the machinists' union on this so-called master contract, we hereby invite an investigation of every vote taken by our members and suggest you interrogate Hon. Culbert T. Olson, Governor of California, and Mr. Ely Oliver, of the O. P. M., who personally attended and watched the casting and counting of our last vote.

We further urge and, if within our rights, would demand that a thorough investigation of the manner of voting in the unions accepting this master contract be made.

Such investigations would once and for all settle the question of what unions conduct their affairs in a democratic manner.

Unless there is an inclination and a willingness to discuss the actual merits of the case on the basis of the fairness of our demands on the employer, we feel our statements are about complete.

E. F. DILLON,

HARRY HOOK,

Business Agents, San Francisco Lodge, No. 68, I. A. of M.

STATEMENT OF GOVERNOR OLSON TO THE PRESS, MAY 17, 1941

The conferences that I have held with the strike committees of the machinists' unions involved, San Francisco Lodge, No. 68, International Association of Machinists, and East Bay Union of Machinists' Local, No. 1304, Steel Workers Organizing Committee, disclose that the causes of the strike are not that the machinists are demanding more than the scale heretofore established for machinists in the bay area, which has included the double time for overtime, but that they are required by the stabilization agreement to accept the lower scale of time and a half for overtime. The double time for overtime scale has been in effect in this area for about 23 years.

Whether double time for overtime could have been secured in the stabilization agreement when it was negotiated, I find deep resentment against the assumption by the international president of the metal-trades department of the American

Federation of Labor, in whom the machinists do not seem to have confidence, of authority to make a contract for them without their approval.

These machinists' unions did reject the agreement when it was presented to them, as did all machinists' locals from San Francisco north. A majority of the Bay Cities Metal Trades Council ratified it. But the objection to it, notwithstanding that ratification, is that the machinists or other crafts are not represented in that council according to their numerical strength.

The need for reform in the labor organization set-up to give more rank-and-file control, instead of a set-up in which discredited officials cannot be removed and may arbitrarily act without regard to the wishes of the rank and file, is apparent if situations like this are to be avoided.

I found the strike committee in an attitude of fairness and willingness, in the interests of furthering the national-defense shipbuilding program, to forego the loss of gains the machinists will suffer by submitting to the terms of the stabilization contract, if the rank-and-file membership shall so decide at a meeting to be held next Tuesday evening, May 20, at 8 p. m., in the Civic Auditorium, San Francisco. The strike committee has invited me to address such a meeting. This I will do, explaining to the workers what I have endeavored to persuade the strike committee, that as a national duty, and in the best interests of the cause of organized labor generally, they waive the causes in this strike, make the sacrifices which are involved, and call off the strike.

The following letters from the War Department and the Comptroller General are included herewith in relation to testimony supra, pp. 1039-1265, passim. See "freight rates" in index.

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL,
Washington, June 7, 1941.

MR. HENRY STIX,
Senate Committee Investigating National Defense,
Senate Office Building, Washington, D. C.

DEAR MR. STIX: My investigation of the question of the freight rates paid at Camp Blanding in connection with delivery of the lime rock for the project indicates the following:

Major Larsen originally had the proper idea, but the procedure he planned was legally faulty. He intended to have the lime rock delivered on commercial bills of lading with title remaining in the contractor during shipment and to later convert the commercial to Government bills of lading. He had support for his intentions from a telephone conversation with the Office of the Quartermaster General (Mr. Barnard, assistant to Mr. Moore) on October 15, 1940, as follows: "He [the lumber contractor] will have to ship by regular commercial bills of lading to be converted after it reaches its destination." And by telegram of October 29, 1940, from the Office of the Quartermaster General (initialed by Mr. Fish and Mr. Moore): "There is no authority for the conversion of commercial bills of lading covering completed shipments into Government bills of lading without consent of the carriers involved * * * ordinarily, carriers are willing to convert * * * on past shipments. The carriers should be requested to make this conversion."

Major Larsen made intensive efforts to follow his plans, but on December 6, 1940, he was informed by telephone from the Office of the Quartermaster General (Mr. Fish): "From now on there will be no conversion of commercial bills of lading to Government bills of lading." He refused, however, to change his procedure until he received a written or telegraphed directive. This was sent on December 13, both by a letter from the Office of the Quartermaster General (signed Staiger) and a wire (initialed by Mr. Fish and Mr. Moore). The letter indicated the procedure by which advantage could be taken of Government bills of lading but indicated that bills on past shipments could not be converted because title at time of shipment rested in the contractor. The wire was evidently intended to convey the same idea, but was poorly worded and evidently conveyed the impression that bills of lading could not be converted under any circumstances. At any rate the communications of December 13 stopped efforts to take advantage of land-grant rates.

About the period of December 6-12, evidently there was considerable argument between the Legal Department of the Construction Division and the Chief of the Construction Division of the Quartermaster General's office, the latter being supported by information obtained from the Comptroller General's office.

The latter authorities evidently contended that the contractor was hired for the purpose of securing and expediting the supply of materials to our projects; that it was impracticable in the interest of speed to place Government inspectors at the scattered sources of material supply; that the shipment of materials would have to be made by the contractors; and that, therefore, since the title to the materials rested in the contractor at time of shipment, land-grant rates could not be used and the bills of lading could not be converted. Our Legal Department contended that conversion could be legally accomplished provided that title passed to the Government prior to shipment. This latter decision was passed on to the Chief Quartermaster at Camp Blanding, but the wire of December 13, 1940, evidently misled him.

Whether or not the penalty, conversion would have imposed on the railroads, was made a factor in the above contention of the Quartermaster General's office is not clear. However, it seems logical that such consideration should have entered the picture for it would not have been sound policy to have deprived the railroads of legal revenue on one hand yet, as probably would have happened, to have been required to assist them financially on the other, especially at a time when the requirements of the national-defense program put such a premium on this means of transportation.

The question was reopened by letter January 21, 1941, and on February 11, 1941, Colonel Jones, by third endorsement to this letter, reiterated his opinion that Government bills of lading could be used if the title to the material rested in the Government prior to shipment. Advantage was not taken on this. After February 11, 1941, 2,115 cars (125,087 tons) of lime rock, on which the freight charges were \$108,675.24, were delivered to Camp Blanding. The dates when this rock was contracted for is not available but can be ascertained if desired.

Yours truly,

GARRISON H. DAVIDSON,
Major, Corps of Engineers.

GENERAL ACCOUNTING OFFICE,
Washington, July 7, 1941.

CHARLES P. CLARK,

Associate Chief Counsel, Special Committee Investigating the National Defense Program, United States Senate.

MY DEAR MR. CLARK: I have your letter dated June 26, 1941, as follows:

"In the course of examinations made by this committee, hearings were held with respect to the cost of construction and other phases of the construction of camps.

"At the hearings, with respect to Camp Blanding, questions were raised with respect to the freight rate paid by the Government in connection with the delivery of lime rock from the quarry to the point of use. It appears that the lime rock was purchased by the Government in place so that the freight rate from the quarry included in the delivered price was on the commercial-rate basis. If the Government had taken title to the lime rock at the quarry, we understand that it would have received the advantage of the land-grant rate.

"We would appreciate an opinion as to whether our understanding is correct."

Most of the statutes granting lands to aid in the construction of railroads have required, as a condition of the grant, that "the said railroads and branches shall be and remain public highways, for the use of the Government of the United States, free from all toll or other charge upon the transportation of any property or troops of the United States." See, for instance, section 3 of the act of March 3, 1863 (12 Stat. 772, 773). This provision has been held as securing to the Government the free use of the road but not as entitling the Government to have troops or property transported over the road by the railroad company free of charge for the transportation service. (See *Lake Superior and Mississippi Railroad Company v. United States*, 93 U. S. 442.) Certain other roads have been aided by grants on condition that the said road "shall be a post route and military road, subject to the use of the United States for postal, military, naval, and all other Government service, and also subject to such regulations as Congress may impose restricting the charges for such Government transportation." See, for instance, section 11 of the act of July 27, 1866 (14 Stat. 292, 297).

As a consequence of the construction given the provision for the use of the roads by the Government free from all toll or other charge upon the transportation of property or troops of the United States and in the exercise of the

right reserved in some of the acts, as indicated above, to impose regulations restricting the charges for Government transportation, Congress in the act of June 7, 1924 (43 Stat. 486), provided:

"* * * That hereafter payment shall be made at such rates as the Secretary of War shall deem just and reasonable and shall not exceed 50 per centum of the full amount of compensation, computed on the basis of the tariff or lower special rates for like transportation performed for the public at large, for the transportation of property or troops of the United States over any railroad which under land-grant Acts was aided in its construction by a grant of land on condition that said railroad shall be and remain a public highway for the use of the United States, and for which adjustment of compensation is required in accordance with decisions of the Supreme Court construing such land-grant Acts, or over any railroad which was aided in its construction by a grant of land on condition that such railroad should be a post route and military road, subject to such regulations as Congress may impose restricting the charge for such Government transportation, and such payment shall be accepted as in full for all demands for such service."

Under the above provisions it is essential to the deduction for land grant from commercial charges for the transportation of freight that the property transported belong to the United States while in transit. See in this connection *Oregon-Washington Railroad and Navigation Company v. United States* (255 U. S. 339), and *United States v. Galveston, Harrisburg and San Antonio Railway Company* (279 U. S. 401). Also, as bearing upon the question of passage of title as affected by the terms of purchase in certain contracts for the procurement of Government supplies and materials, attention is invited to *Louisville & Nashville Railroad Company v. United States* (267 U. S. 395), *Illinois Central Railroad Company v. United States* (57 Ct. Cls. 277, affirmed in 265 U. S. 209), *Chicago, Milwaukee & St. Paul Railway Co. v. United States* (57 Ct. Cls. 569, affirmed in 267 U. S. 403), and *United States v. B. P. Andrews & Co.* (207 U. S. 229).

It is deemed proper to state, also, in connection with your question, that the application of the land-grant statutes was modified by the Transportation Act of 1940, approved September 18, 1940 (54 Stat. 898), so as to require that, from and after the effective date of releases filed as provided in part II of said act, section 321, paragraph (a), the deduction for land grant from charges for the transportation of freight should not apply except for the transportation of "military or naval property of the United States moving for military or naval and not for civil use." Therefore, from and after the effective date of releases filed as provided in said act, the fact that the property transported might belong to the United States while in transit would not, alone, be sufficient to authorize deduction for land grant, there being for consideration, in addition, the question whether the property transported was military or naval in character and was moving for military or naval purposes.

Respectfully,

LINDSAY C. WARREN,
Comptroller General of the United States.

GENERAL ACCOUNTING OFFICE,
Washington, July 17, 1941.

CHARLES P. CLARK,
*Associate Chief Counsel, Special Committee Investigating
the National Defense Program, United States Senate.*

MY DEAR MR. CLARK: I have your letter of July 11, 1941, as follows:

"Thank you for your letter of July 7, with respect to land-grant rates.

"We note that the land-grants rate applies only to the transportation of 'military or naval property of the United States moving for military or naval and not for civil use'. Is there some special definition of 'civil' use as applied to Army matters?

"In other words, would the acquisition of lumber, cement, and similar materials for cantonment construction be construed as for 'military use', or would such purchases be construed as for 'civil use'?"

As bearing on the question so presented there are enclosed for your information copies of decisions of November 25, 1940 (B-13422), and May 7, 1941 (B-15637), in which this Office has had occasion to consider the application of the phrase "military or naval property of the United States moving for military

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● Reported to have devoted whole or part time to Camp Blanding project on non-reimbursable basis.

● Reported to have devoted whole or part time to Camp Blanding project on reimbursable basis.

or naval and not for civil use" as said phrase is used in the Transportation Act of 1940 (Public, No. 785, approved September 18, 1940).

It will be noted that said act affords no specific definition of the terms "military," "naval," and "civil" as used in said phrase; and this Office, in considering the applicability of the provision in specific instances, has deemed it proper to give much weight to the determination in the first instance by the military or naval authorities whether the transportation requested was required and obtained for military or naval and not for civil purposes, it being noted in this connection that the fact of the purpose to be served in particular instances is a matter peculiarly within the knowledge or information of the administrative agency engaged in procuring the transportation service in question.

Concerning the question in relation to the particular service to which you refer, namely, the transportation of lumber, cement, and similar materials for cantonment construction, it will be noted that the decision of May 7, 1941, involved the transportation of cement for use in the construction of the Third Locks project of the Panama Canal in connection with which it was held that, in view of the circumstances there involved, the transportation in question was properly to be regarded as embraced within the phrase "transportation of military or naval property of the United States moving for military or naval and not for civil use." It is not apparent why the transportation of like materials for the construction, under similar circumstances, of cantonments required for military purposes would not likewise be embraced within said provision.

Respectfully,

LINDSAY C. WARREN,
Comptroller General of the United States.

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